U>475-2
12/13/89

# SURVEYS OF CONSUMERS

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

*SURVEYS OF CONSUMERS*

*SEPTEMBER 1988*

The September 1988 survey was the 242th in a series of Surveys of Consumers conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results for the total sample will differ by no more than 5 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

While every effort is made to accurately measure consumer attitudes and expectations, factors other than sampling may also affect the accuracy of these (and other) findings. These factors may include effects of the question wording, the ability of respondents to articulate answers and opinions, refusal to participate in the survey, and incomplete coverage of the population. There are no standard measures of these effects, but their presence should be acknowledged when using these and all other survey data. While measurement effects are present in all surveys, a noted advantage of time-series data is that the non-sampling influences remain relatively constant across samples.

© The University of Michigan, 1988

## *TABLE OF CONTENTS*


| *TABLE* | *TITLE* |
|---|---|
| 1 | The Index of Consumer Sentiment |
| 2 | Index of Consumer Sentiment within Region and Age Subgroups |
| 3 | Components of the Index of Consumer Sentiment |
| 4 | Current Financial Situation Compared to a Year Ago |
| 5 | Selected Reasons for Opinions About Personal Financial Situation |
| 6 | Expected Change in Financial Situation |
| 7 | Trend in Personal Financial Situation |
| 8 | Expected Family Income Change During the Next 12 Months |
| 9 | Expected Change in Real Family Income |
| 10 | News Heard of Recent Changes in Business Conditions |
| 11 | Selected Items of News Heard of Recent Changes in Business Conditions |
| 12 | Current Business Conditions Compared to a Year Ago |
| 13 | Expected Change in Business Conditions in a Year |
| 14 | Trend in Past and Expected Changes in Business Conditions |
| 15 | Business Conditions Expected During the Next 12 Months |
| 16 | Business Conditions Expected During the Next 5 Years |
| 17 | Expected Change in Unemployment |
| 18 | Expected Change in Interest Rates |
| 19 | Expected Change in Prices During the Next 12 Months |
| 20 | Opinions About the Government's Economic Policy |
| 21 | Buying Conditions for Large Household Goods |
| 22 | Selected Reasons for Opinions About Buying Conditions for Large Household Goods |
| 23 | Buying Conditions for Houses |
| 24 | Selected Reasons for Opinions About Buying Conditions for Houses |
| 25 | Buying Conditions for Cars |
| 26 | Selected Reasons for Opinions About Buying Conditions for Cars |

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

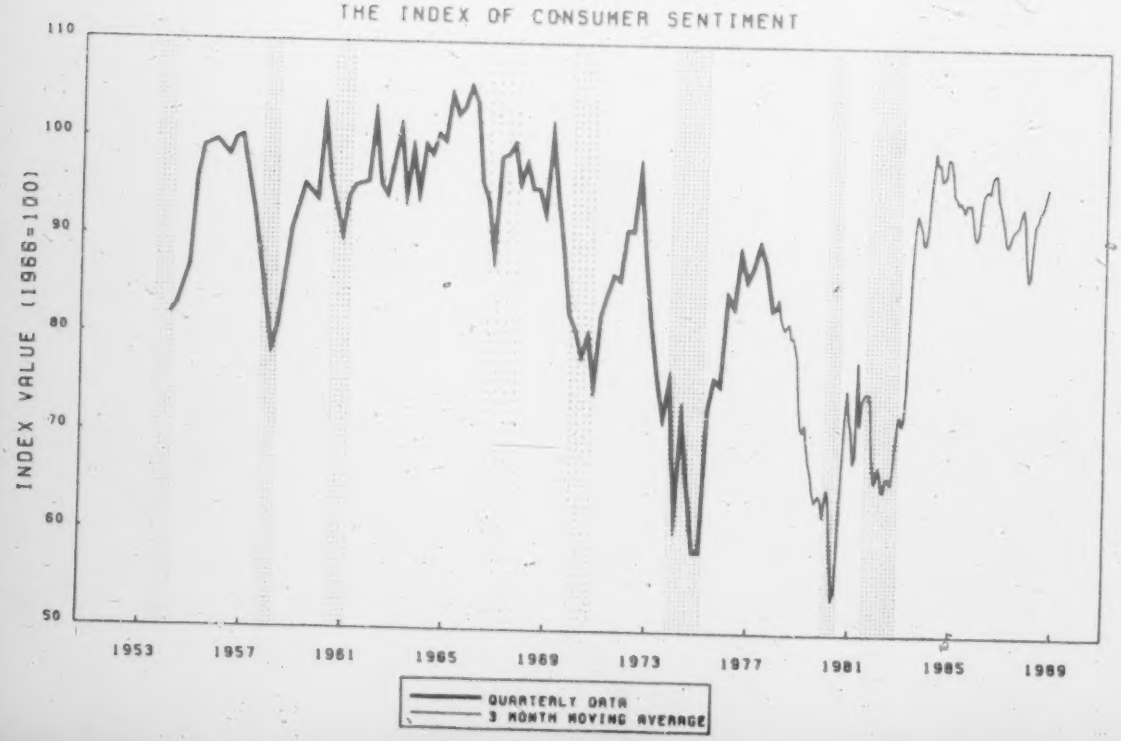


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

| DATE OF SURVEY | All families | Families with incomes over $30,000 | Families with incomes over $40,000 |
|---|---|---|---|
| September 1985 | 92.1 | 101.7 | 104.9 |
| October 1985 | 88.4 | 99.6 | 107.4 |
| November 1985 | 90.9 | 100.8 | 100.3 |
| December 1985 | 93.9 | 106.0 | 108.3 |
| January 1986 | 95.6 | 109.7 | 110.1 |
| February 1986 | 95.9 | 107.8 | 109.0 |
| March 1986 | 95.1 | 102.9 | 110.2 |
| April 1986 | 96.2 | 106.9 | 111.0 |
| May 1986 | 94.8 | 105.5 | 109.9 |
| June 1986 | 99.3 | 110.6 | 112.4 |
| July 1986 | 97.7 | 109.6 | 108.5 |
| August 1986 | 94.9 | 105.0 | 106.6 |
| September 1986 | 91.9 | 99.5 | 102.1 |
| October 1986 | 95.6 | 102.8 | 105.5 |
| November 1986 | 91.4 | 97.5 | 98.7 |
| December 1986 | 89.1 | 98.7 | 98.3 |
| January 1987 | 90.4 | 101.2 | 104.0 |
| February 1987 | 90.2 | 103.6 | 103.6 |
| March 1987 | 90.8 | 97.8 | 96.1 |
| April 1987 | 92.8 | 98.5 | 103.1 |
| May 1987 | 91.1 | 97.7 | 99.2 |
| June 1987 | 91.5 | 102.9 | 102.9 |
| July 1987 | 93.7 | 102.5 | 104.0 |
| August 1987 | 94.4 | 104.4 | 109.1 |
| September 1987 | 93.6 | 100.6 | 104.3 |
| October 1987 | 89.3 | 99.9 | 101.8 |
| November 1987 | 83.1 | 87.7 | 90.5 |
| December 1987 | 86.8 | 94.5 | 96.1 |
| January 1988 | 90.8 | 99.0 | 99.9 |
| February 1988 | 91.6 | 98.1 | 100.8 |
| March 1988 | 94.6 | 103.7 | 104.6 |
| April 1988 | 91.2 | 99.1 | 99.6 |
| May 1988 | 94.8 | 106.6 | 108.3 |
| June 1988 | 94.7 | 102.3 | 102.7 |
| July 1988 | 93.4 | 100.5 | 103.9 |
| August 1988 | 97.4 | 105.1 | 104.2 |
| September 1988 | 97.3 | 102.8 | 105.4 |

CHART 2A - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

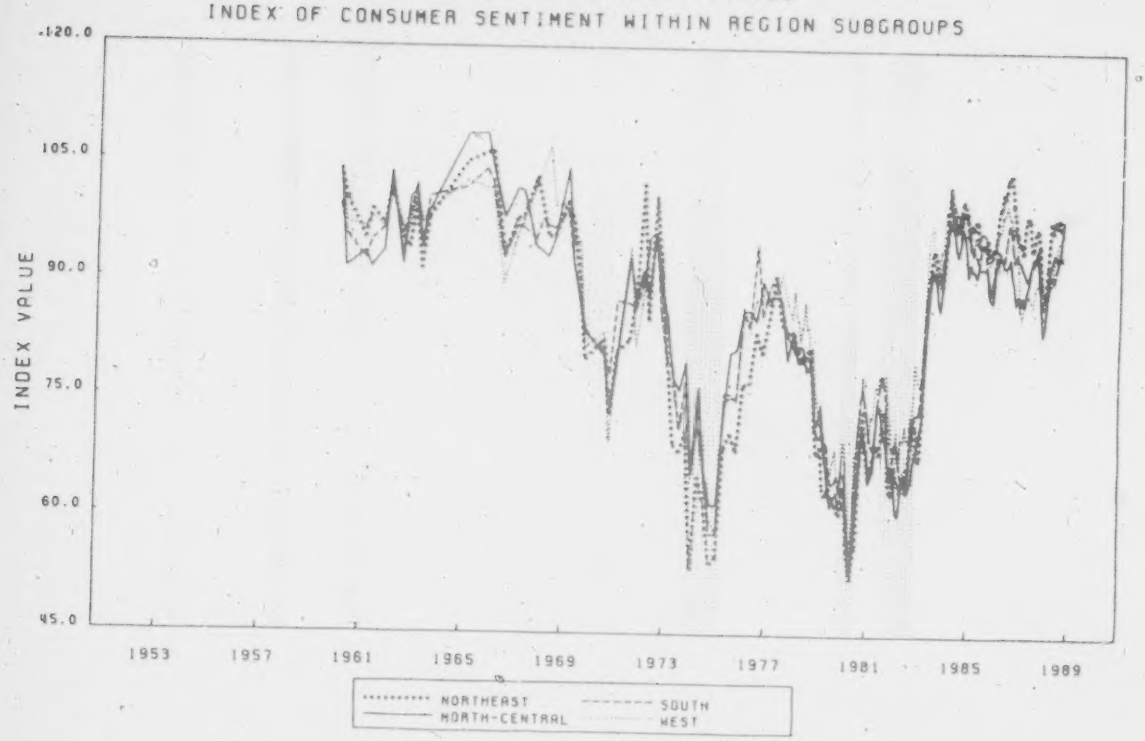



CHART 2B - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

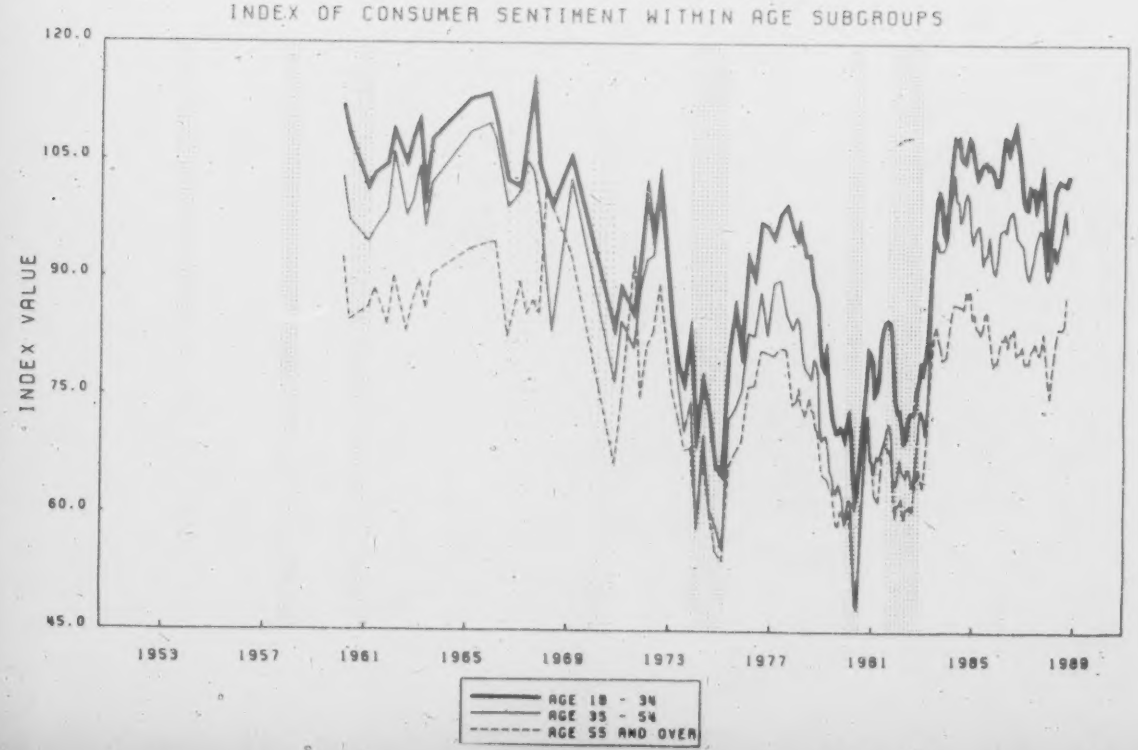


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

| DATE OF SURVEY | CENSUS REGION | | | | AGE OF RESPONDENT | | |
|---|---|---|---|---|---|---|---|
| | North East | North Central | South | West | 18-34 | 35-54 | 55+ |
| September 1985 | 98.5 | 91.5 | 87.0 | 97.5 | 103.7 | 89.6 | 82.8 |
| October 1985 | 92.3 | 81.7 | 90.7 | 90.0 | 101.6 | 88.6 | 76.0 |
| November 1985 | 92.8 | 90.7 | 88.4 | 93.1 | 101.1 | 93.5 | 79.3 |
| December 1985 | 98.2 | 90.8 | 92.0 | 98.1 | 103.8 | 95.3 | 82.6 |
| January 1986 | 96.7 | 93.9 | 98.2 | 93.7 | 105.5 | 99.4 | 80.8 |
| February 1986 | 103.4 | 92.7 | 93.2 | 98.0 | 109.7 | 94.1 | 83.3 |
| March 1986 | 99.1 | 94.9 | 91.3 | 98.9 | 109.1 | 96.0 | 82.0 |
| April 1986 | 102.7 | 92.3 | 94.4 | 99.5 | 104.8 | 97.8 | 83.6 |
| May 1986 | 101.2 | 90.1 | 93.5 | 98.8 | 104.9 | 99.9 | 78.3 |
| June 1986 | 106.2 | 94.1 | 98.5 | 102.7 | 112.7 | 97.9 | 86.6 |
| July 1986 | 103.9 | 93.4 | 101.7 | 94.7 | 108.2 | 98.6 | 84.5 |
| August 1986 | 102.5 | 92.6 | 90.5 | 98.2 | 107.9 | 95.2 | 80.1 |
| September 1986 | 94.6 | 87.0 | 91.9 | 95.8 | 106.3 | 92.4 | 76.1 |
| October 1986 | 99.1 | 90.0 | 96.5 | 99.3 | 102.5 | 97.3 | 85.7 |
| November 1986 | 95.8 | 85.6 | 93.2 | 92.3 | 99.5 | 94.2 | 80.4 |
| December 1986 | 91.8 | 90.4 | 89.5 | 84.0 | 98.0 | 91.3 | 78.3 |
| January 1987 | 98.1 | 85.9 | 96.0 | 83.9 | 99.9 | 91.2 | 78.4 |
| February 1987 | 92.4 | 89.5 | 90.7 | 89.2 | 99.1 | 89.2 | 81.5 |
| March 1987 | 104.6 | 86.3 | 87.5 | 91.2 | 106.4 | 89.3 | 77.7 |
| April 1987 | 99.4 | 91.7 | 93.7 | 87.2 | 99.0 | 95.1 | 83.5 |
| May 1987 | 91.3 | 92.9 | 92.1 | 87.1 | 99.5 | 92.8 | 82.1 |
| June 1987 | 92.5 | 92.2 | 91.5 | 89.7 | 99.0 | 95.5 | 80.0 |
| July 1987 | 100.1 | 95.7 | 93.8 | 85.2 | 103.0 | 97.8 | 80.2 |
| August 1987 | 99.0 | 91.0 | 95.2 | 93.2 | 103.3 | 95.8 | 80.8 |
| September 1987 | 92.2 | 94.7 | 94.9 | 91.5 | 104.1 | 95.4 | 82.6 |
| October 1987 | 93.8 | 87.2 | 88.3 | 89.1 | 92.0 | 89.9 | 86.2 |
| November 1987 | 83.9 | 79.6 | 87.9 | 79.4 | 91.7 | 86.6 | 70.8 |
| December 1987 | 83.4 | 83.6 | 90.4 | 89.2 | 94.1 | 92.9 | 73.6 |
| January 1988 | 99.8 | 91.3 | 87.6 | 88.5 | 98.3 | 93.6 | 80.1 |
| February 1988 | 93.7 | 92.1 | 92.8 | 86.3 | 102.5 | 90.3 | 79.9 |
| March 1988 | 101.2 | 92.9 | 91.6 | 95.3 | 103.5 | 98.9 | 80.0 |
| April 1988 | 94.9 | 93.9 | 88.6 | 89.0 | 100.0 | 87.5 | 86.6 |
| May 1988 | 99.1 | 95.5 | 91.1 | 97.3 | 104.2 | 95.4 | 84.7 |
| June 1988 | 98.1 | 91.2 | 95.9 | 95.2 | 103.1 | 102.0 | 79.5 |
| July 1988 | 98.3 | 92.0 | 91.8 | 94.0 | 99.6 | 93.0 | 86.6 |
| August 1988 | 95.7 | 100.9 | 94.4 | 98.5 | 103.6 | 101.7 | 86.3 |
| September 1988 | 95.2 | 101.9 | 93.3 | 97.6 | 106.1 | 93.3 | 91.4 |

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

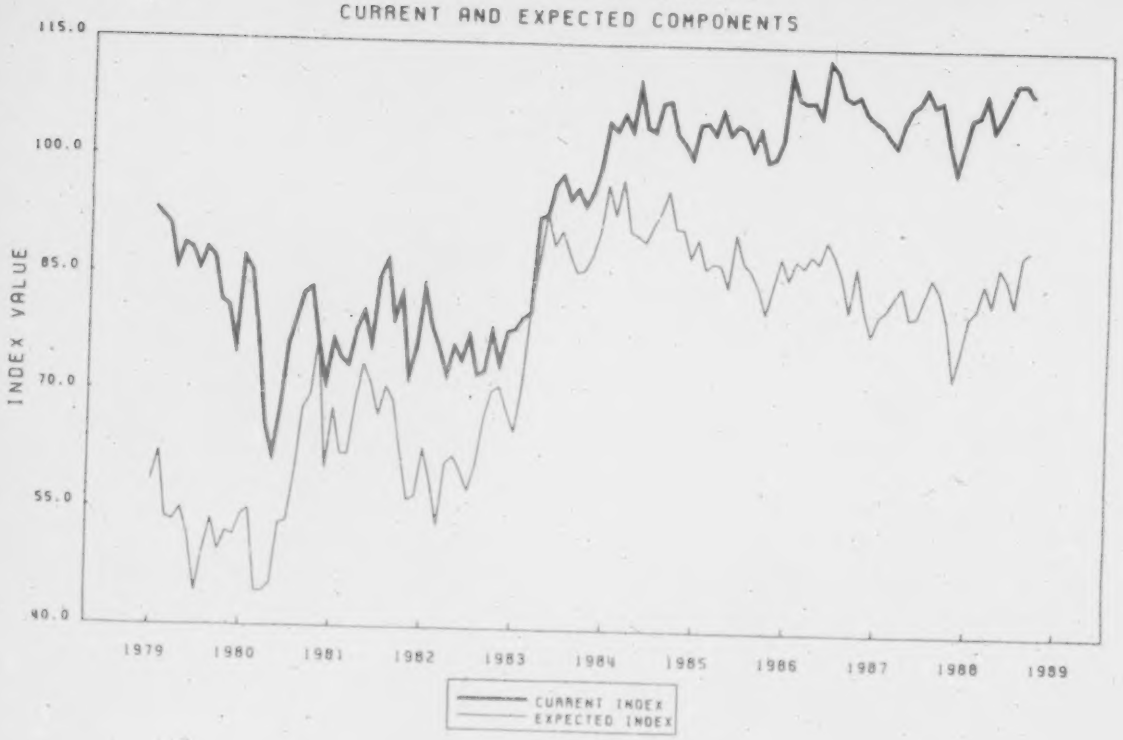



CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

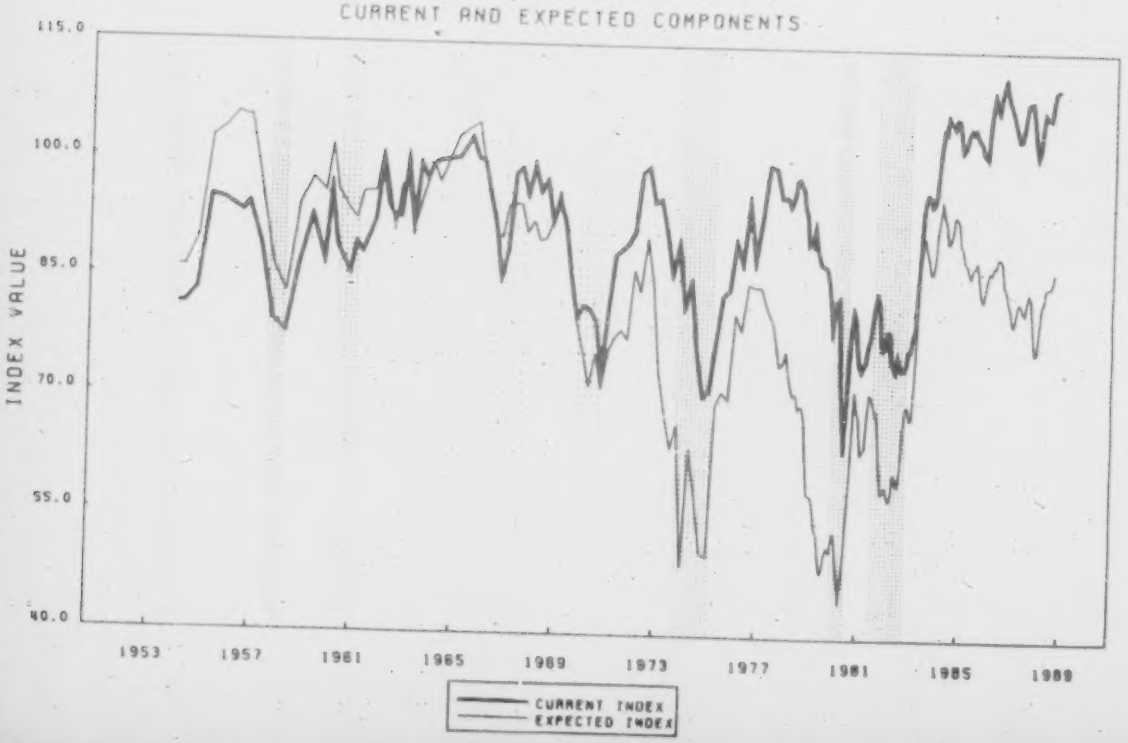


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

| DATE OF SURVEY | INDEX COMPONENTS + | | | | | | |
|---|---|---|---|---|---|---|---|
| | Personal finances | | Business conditions | | | | |
| | Current (1) | Expected (2) | 12 months (3) | 5 years (4) | Buying conds. (5) | Current Index (1,5) | Expected Index (2,3,4) |
| September 1985 | 116 | 124 | 118 | 96 | 155 | 104.3 | 84.2 |
| October 1985 | 111 | 123 | 111 | 90 | 148 | 100.3 | 80.8 |
| November 1985 | 111 | 124 | 120 | 96 | 150 | 100.7 | 84.5 |
| December 1985 | 120 | 124 | 127 | 103 | 147 | 103.1 | 88.1 |
| January 1986 | 122 | 123 | 126 | 93 | 168 | 111.8 | 85.3 |
| February 1986 | 117 | 123 | 132 | 98 | 164 | 108.4 | 87.8 |
| March 1986 | 120 | 124 | 129 | 96 | 160 | 107.9 | 86.9 |
| April 1986 | 120 | 128 | 133 | 94 | 160 | 108.1 | 88.5 |
| May 1986 | 117 | 129 | 131 | 92 | 158 | 106.2 | 87.5 |
| June 1986 | 124 | 127 | 136 | 100 | 170 | 113.3 | 90.3 |
| July 1986 | 126 | 130 | 131 | 94 | 165 | 112.1 | 88.5 |
| August 1986 | 121 | 128 | 123 | 94 | 161 | 108.9 | 85.9 |
| September 1986 | 120 | 127 | 115 | 84 | 161 | 108.3 | 81.3 |
| October 1986 | 120 | 127 | 124 | 99 | 162 | 108.9 | 87.1 |
| November 1986 | 121 | 121 | 120 | 87 | 155 | 106.7 | 81.6 |
| December 1986 | 116 | 127 | 104 | 83 | 158 | 105.8 | 78.3 |
| January 1987 | 120 | 130 | 117 | 77 | 152 | 105.1 | 80.9 |
| February 1987 | 115 | 126 | 117 | 84 | 153 | 103.7 | 81.6 |
| March 1987 | 114 | 122 | 121 | 92 | 152 | 102.5 | 83.3 |
| April 1987 | 116 | 127 | 116 | 97 | 158 | 105.5 | 84.7 |
| May 1987 | 117 | 121 | 114 | 89 | 161 | 107.4 | 80.6 |
| June 1987 | 120 | 122 | 113 | 89 | 161 | 108.1 | 80.8 |
| July 1987 | 123 | 123 | 118 | 94 | 162 | 109.9 | 83.3 |
| August 1987 | 122 | 127 | 125 | 93 | 157 | 107.8 | 85.8 |
| September 1987 | 119 | 124 | 122 | 92 | 162 | 108.3 | 84.2 |
| October 1987 | 118 | 128 | 105 | 90 | 149 | 103.1 | 80.4 |
| November 1987 | 115 | 118 | 93 | 80 | 142 | 99.3 | 72.7 |
| December 1987 | 119 | 120 | 98 | 89 | 147 | 102.7 | 76.7 |
| January 1988 | 122 | 131 | 110 | 84 | 154 | 106.2 | 80.9 |
| February 1988 | 122 | 130 | 108 | 90 | 155 | 106.6 | 81.9 |
| March 1988 | 127 | 133 | 114 | 96 | 156 | 109.1 | 85.2 |
| April 1988 | 117 | 125 | 117 | 89 | 154 | 104.8 | 82.4 |
| May 1988 | 111 | 127 | 125 | 98 | 165 | 106.5 | 87.3 |
| June 1988 | 119 | 129 | 121 | 95 | 163 | 108.6 | 85.7 |
| July 1988 | 120 | 128 | 106 | 96 | 167 | 110.7 | 82.3 |
| August 1988 | 127 | 127 | 125 | 105 | 160 | 110.8 | 88.8 |
| September 1988 | 127 | 133 | 125 | 102 | 157 | 109.4 | 89.5 |

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.
+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

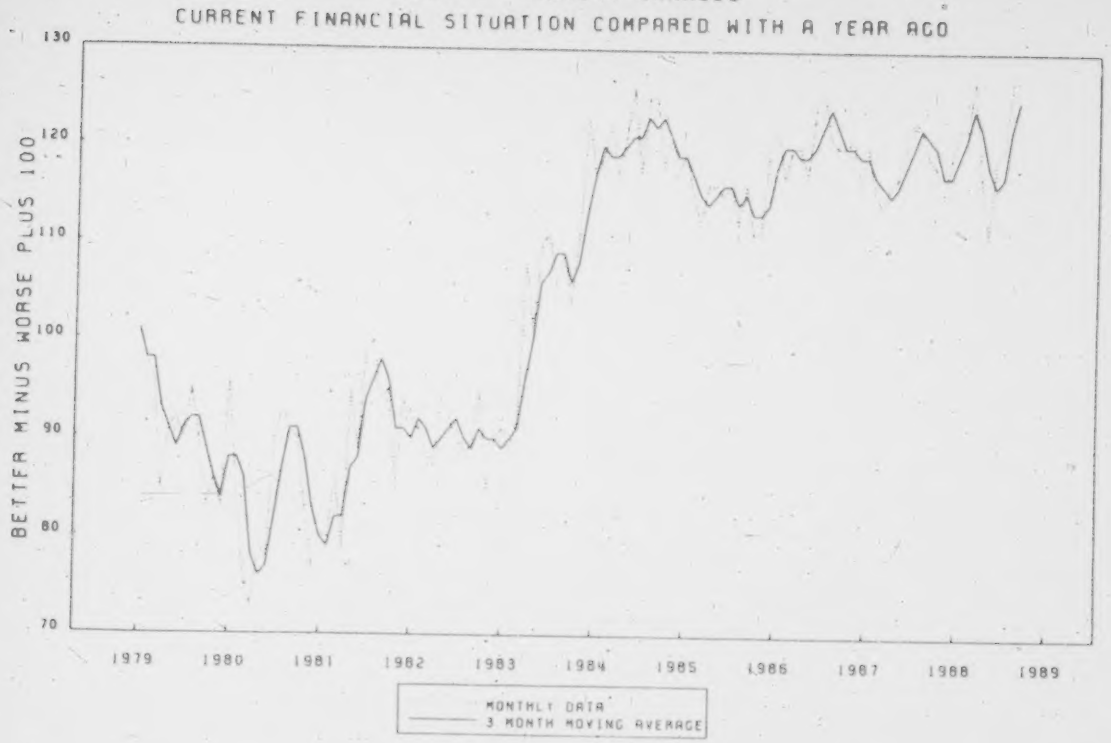



CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

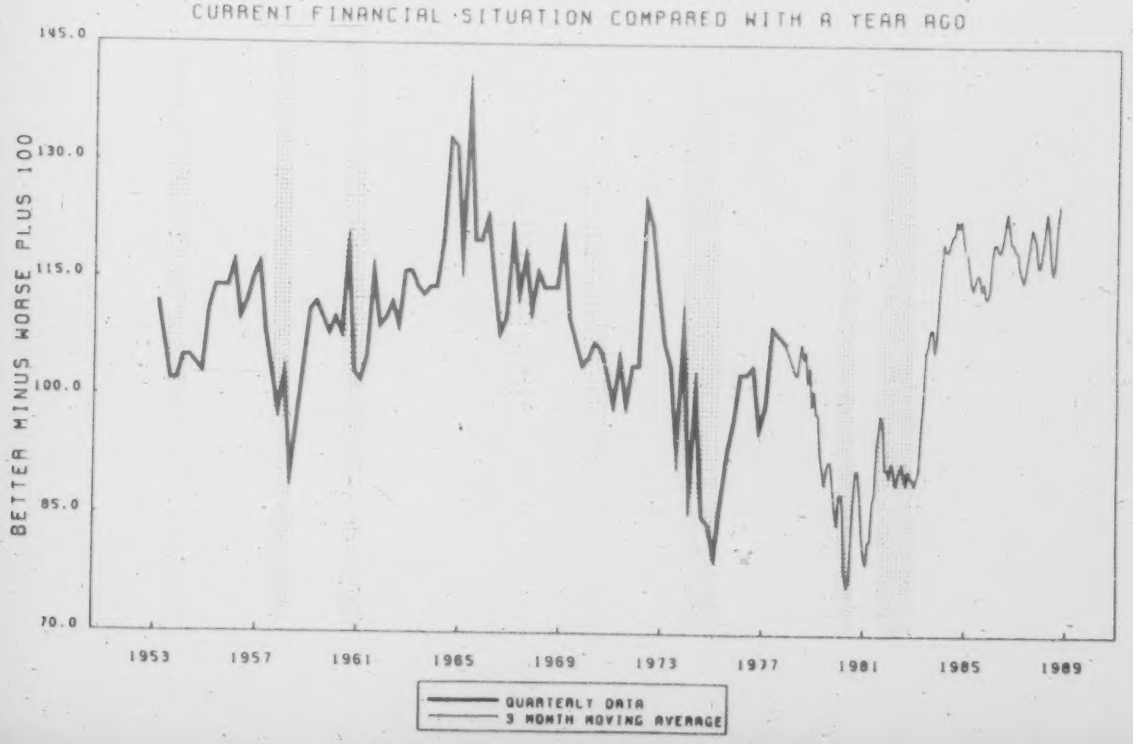


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER OFF | 42% | 43% | 42% | 43% | 46% | 47% | 49% | 41% | 40% | 43% | 45% | 50% | 49% |
| SAME | 34 | 32 | 31 | 33 | 29 | 27 | 29 | 34 | 31 | 32 | 29 | 26 | 28 |
| WORSE OFF | 23 | 25 | 27 | 24 | 24 | 25 | 22 | 24 | 29 | 24 | 25 | 23 | 22 |
| DK,NA | 1 | * | * | * | 1 | 1 | * | 1 | * | 1 | 1 | 1 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

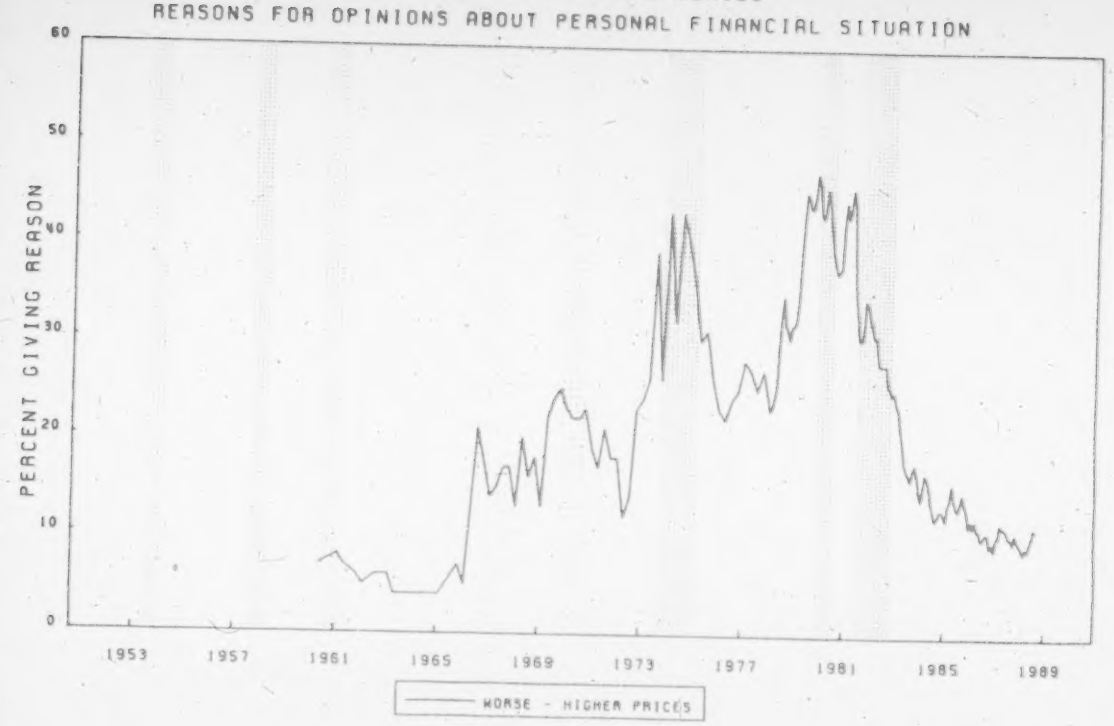



CHART 5B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

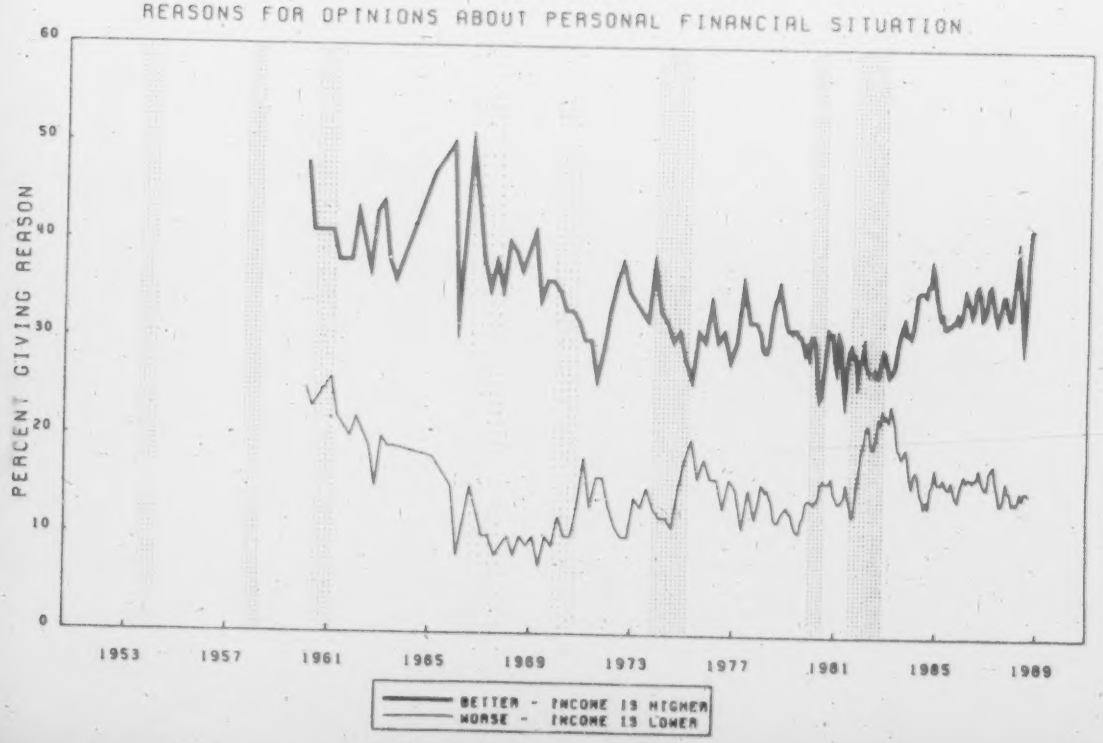


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER OFF THAN YEAR AGO: | | | | | | | | | | | | | |
| Income is higher | 33% | 32% | 33% | 33% | 39% | 39% | 40% | 30% | 29% | 32% | 40% | 45% | 40% |
| WORSE OFF THAN YEAR AGO: | | | | | | | | | | | | | |
| Income is lower | 16 | 17 | 12 | 16 | 13 | 13 | 15 | 14 | 16 | 13 | 16 | 16 | 12 |
| Higher prices | 12 | 8 | 12 | 10 | 7 | 11 | 8 | 9 | 10 | 10 | 11 | 13 | 9 |

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

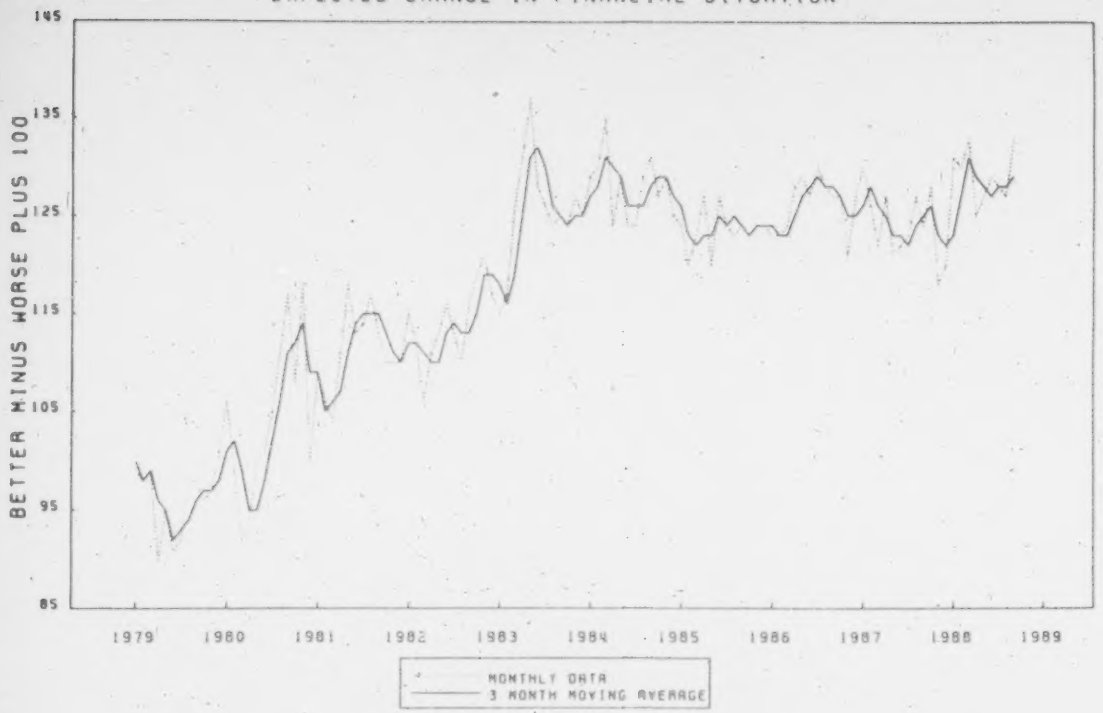



CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

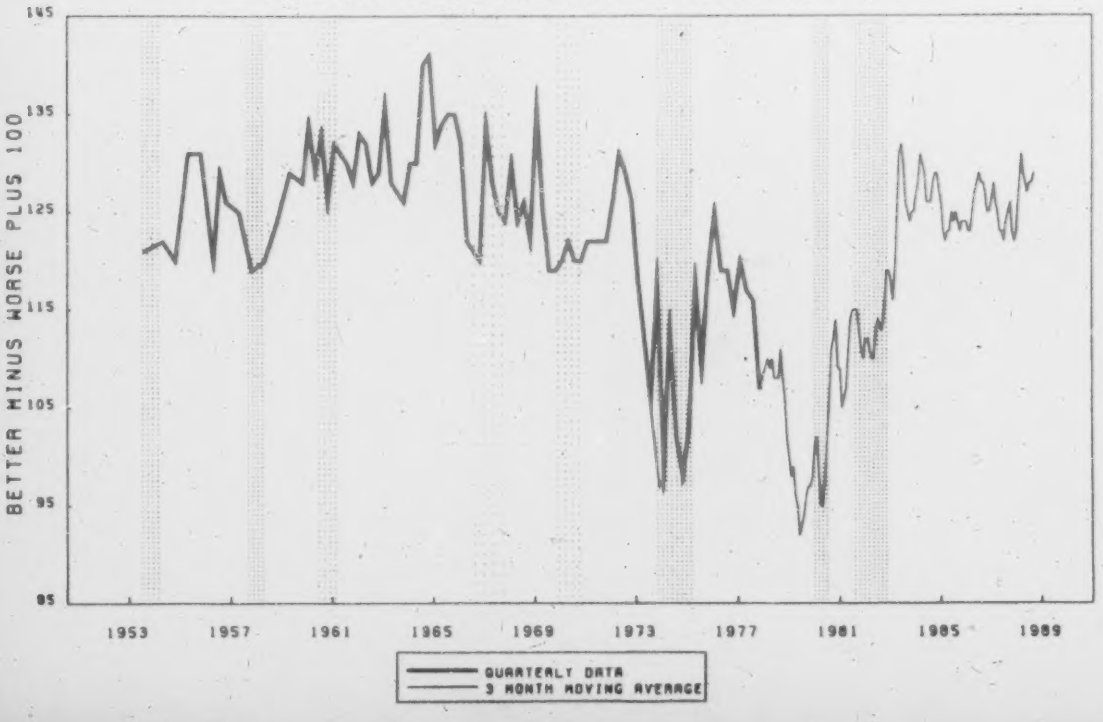


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER OFF | 35% | 37% | 33% | 32% | 38% | 39% | 39% | 34% | 36% | 39% | 38% | 36% | 41% |
| SAME | 49 | 51 | 49 | 51 | 53 | 48 | 52 | 54 | 52 | 48 | 48 | 49 | 47 |
| WORSE OFF | 11 | 9 | 15 | 12 | 7 | 9 | 6 | 9 | 9 | 10 | 10 | 9 | 8 |
| DK,NA | 5 | 3 | 3 | 5 | 2 | 4 | 3 | 3 | 3 | 3 | 4 | 6 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

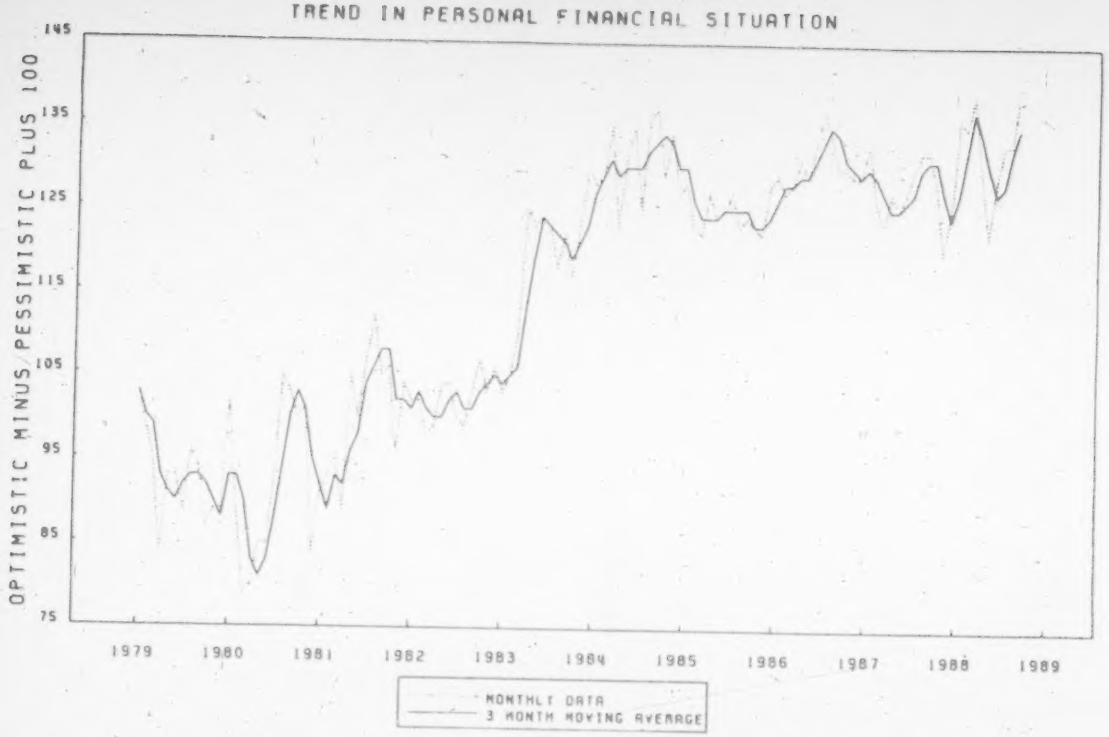



CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

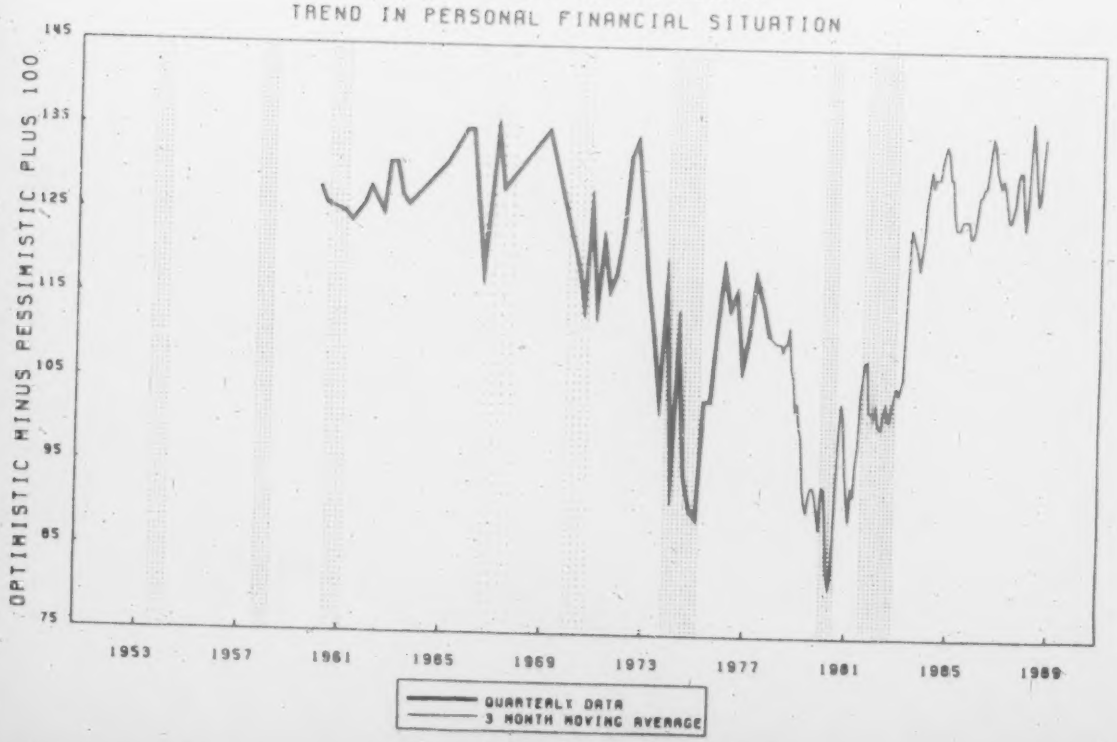


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PERSONAL FINANCIAL PROGRESS: | | | | | | | | | | | | | |
| Continuous increase (a) | 18% | 23% | 19% | 17% | 21% | 20% | 25% | 18% | 19% | 24% | 19% | 25% | 25% |
| Intermittant increase (b) | 31 | 24 | 25 | 27 | 31 | 31 | 30 | 30 | 24 | 25 | 31 | 26 | 28 |
| Remain unchanged (c) | 19 | 21 | 18 | 19 | 19 | 15 | 17 | 20 | 21 | 19 | 16 | 16 | 17 |
| Intermittant decline (d) | 12 | 15 | 18 | 17 | 13 | 13 | 13 | 16 | 17 | 16 | 13 | 14 | 10 |
| Continuous decline (e) | 5 | 4 | 6 | 2 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 3 |
| Mixed change (f) | 10 | 10 | 11 | 13 | 11 | 13 | 9 | 9 | 13 | 9 | 13 | 8 | 12 |
| DK,NA | 5 | 3 | 3 | 5 | 2 | 5 | 3 | 4 | 2 | 3 | 4 | 7 | 5 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

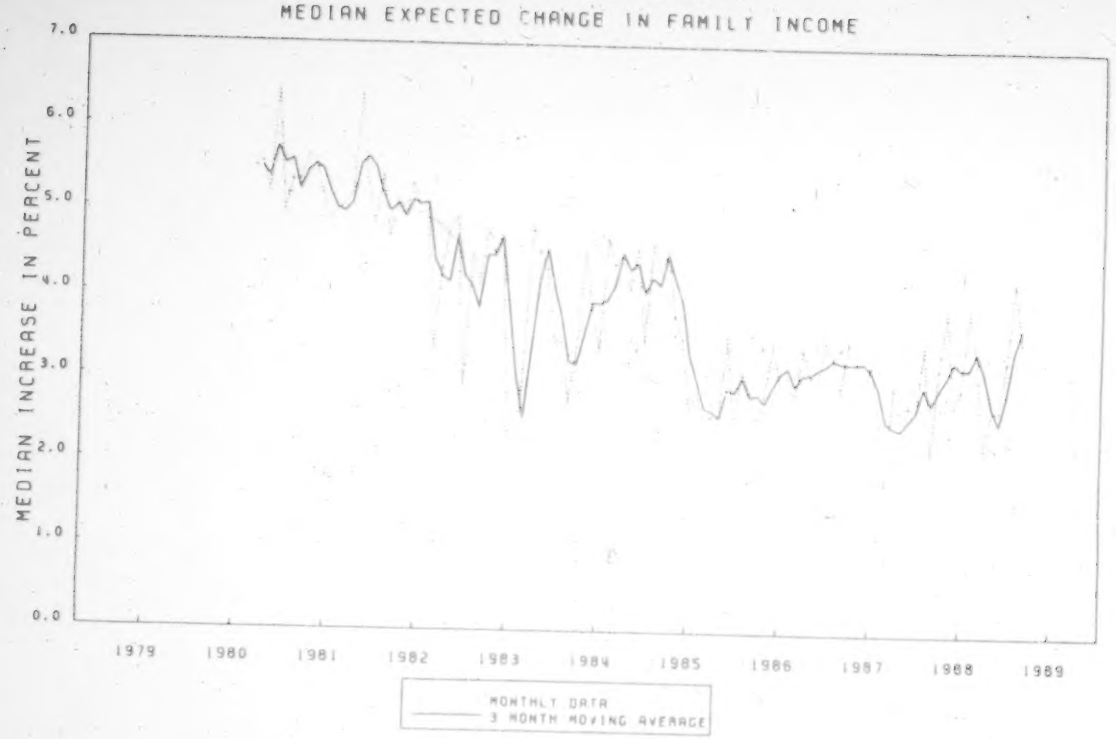



CHART 8 - HISTORICAL SERIES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

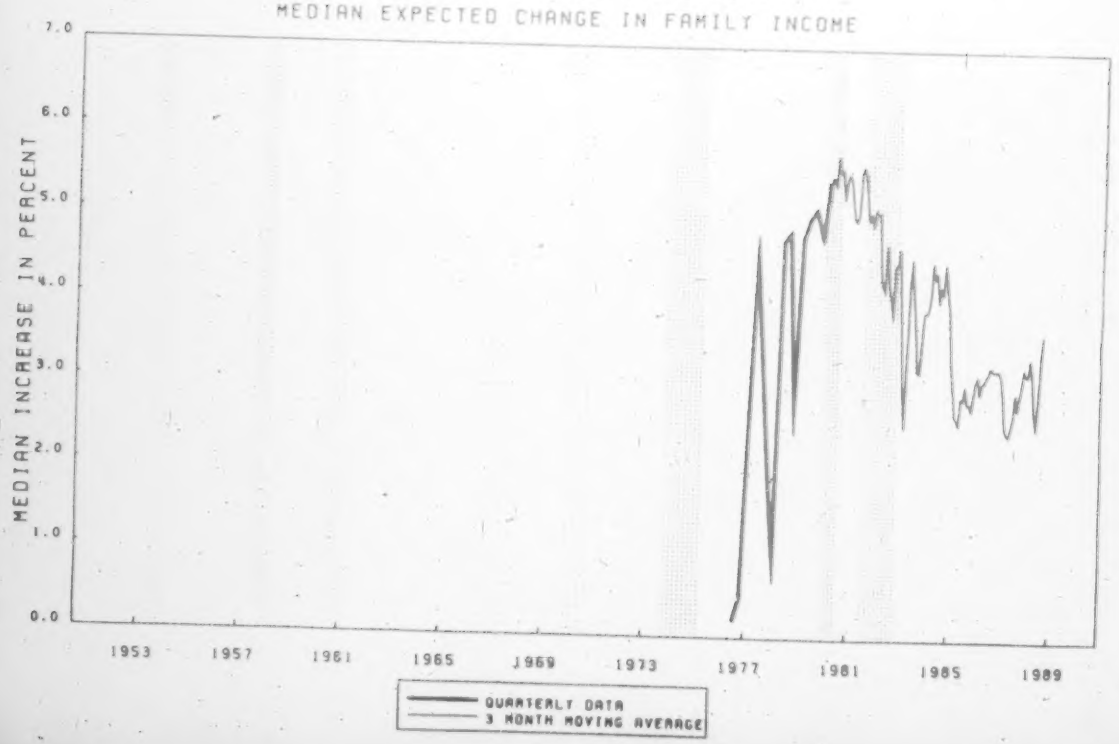


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EXPECT INCREASE: | | | | | | | | | | | | | |
| 1-4% | 17% | 15% | 18% | 19% | 18% | 16% | 16% | 16% | 15% | 15% | 18% | 14% | 16% |
| 5% | 13 | 10 | 11 | 10 | 12 | 15 | 11 | 9 | 12 | 9 | 10 | 14 | 10 |
| 6-9% | 6 | 9 | 8 | 8 | 7 | 8 | 7 | 6 | 7 | 7 | 10 | 9 | 8 |
| 10-24% | 10 | 15 | 18 | 14 | 15 | 17 | 17 | 14 | 13 | 15 | 14 | 17 | 16 |
| 25% or more | 6 | 5 | 7 | 4 | 6 | 5 | 7 | 6 | 9 | 6 | 7 | 5 | 8 |
| DK how much up | 5 | 6 | 2 | 3 | 4 | 2 | 2 | 6 | 2 | 5 | 5 | 6 | 6 |
| EXPECT SAME | 30 | 25 | 21 | 23 | 27 | 23 | 29 | 30 | 28 | 28 | 24 | 25 | 25 |
| EXPECT DOWN | 11 | 13 | 13 | 19 | 10 | 12 | 9 | 12 | 13 | 13 | 11 | 9 | 10 |
| DK,NA | 2 | 2 | 2 | * | 1 | 2 | 2 | 1 | 1 | 2 | 1 | 1 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES

INCOME OR PRICES UP MORE NEXT YEAR

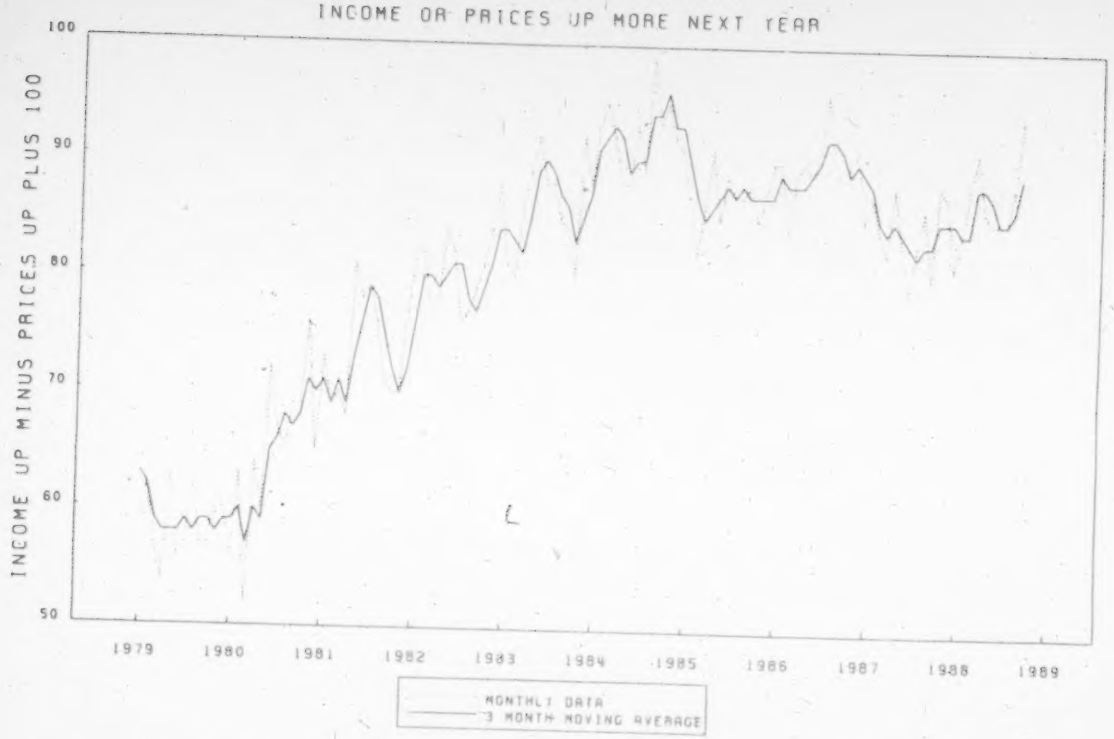



CHART 9 - HISTORICAL SERIES

INCOME OR PRICES UP MORE NEXT YEAR

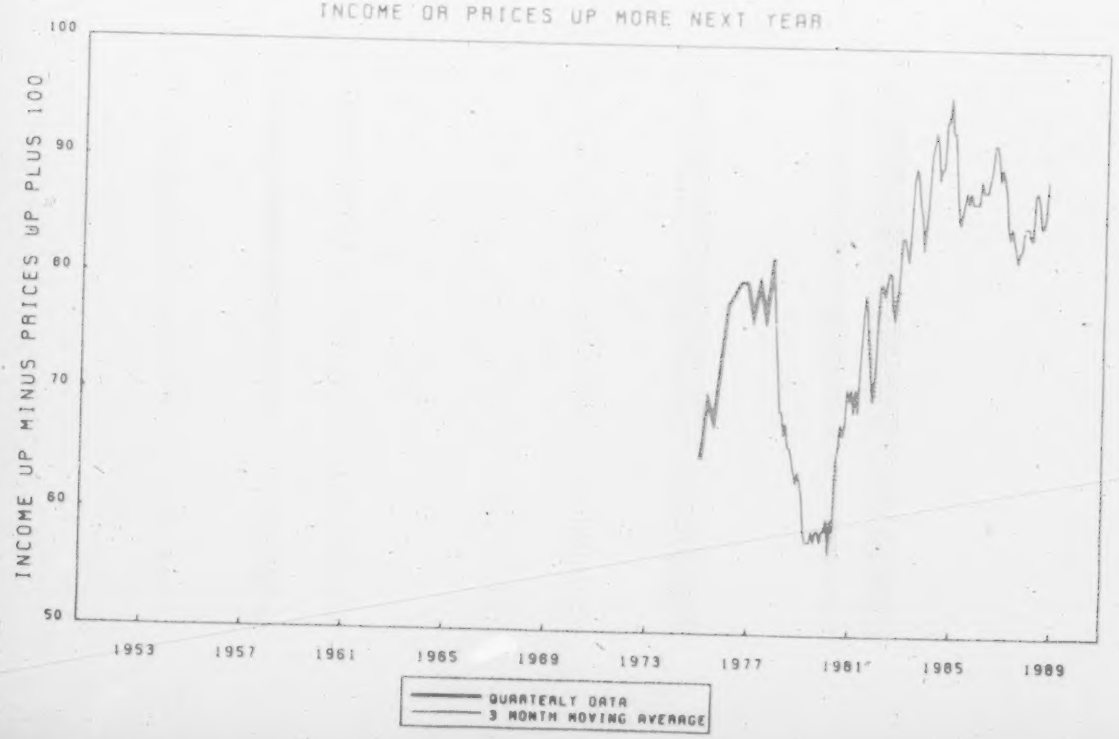


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| INCOME UP MORE | 18% | 20% | 22% | 19% | 19% | 20% | 22% | 19% | 19% | 18% | 19% | 20% | 25% |
| INCOME UP SAME | 42 | 45 | 43 | 41 | 44 | 45 | 44 | 47 | 44 | 46 | 46 | 43 | 41 |
| PRICES UP MORE | 38 | 32 | 35 | 38 | 35 | 32 | 31 | 33 | 34 | 33 | 34 | 32 | 31 |
| DK,NA | 2 | 3 | * | 2 | 2 | 3 | 3 | 1 | 3 | 3 | 1 | 5 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

* : Less than half of one percent.

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

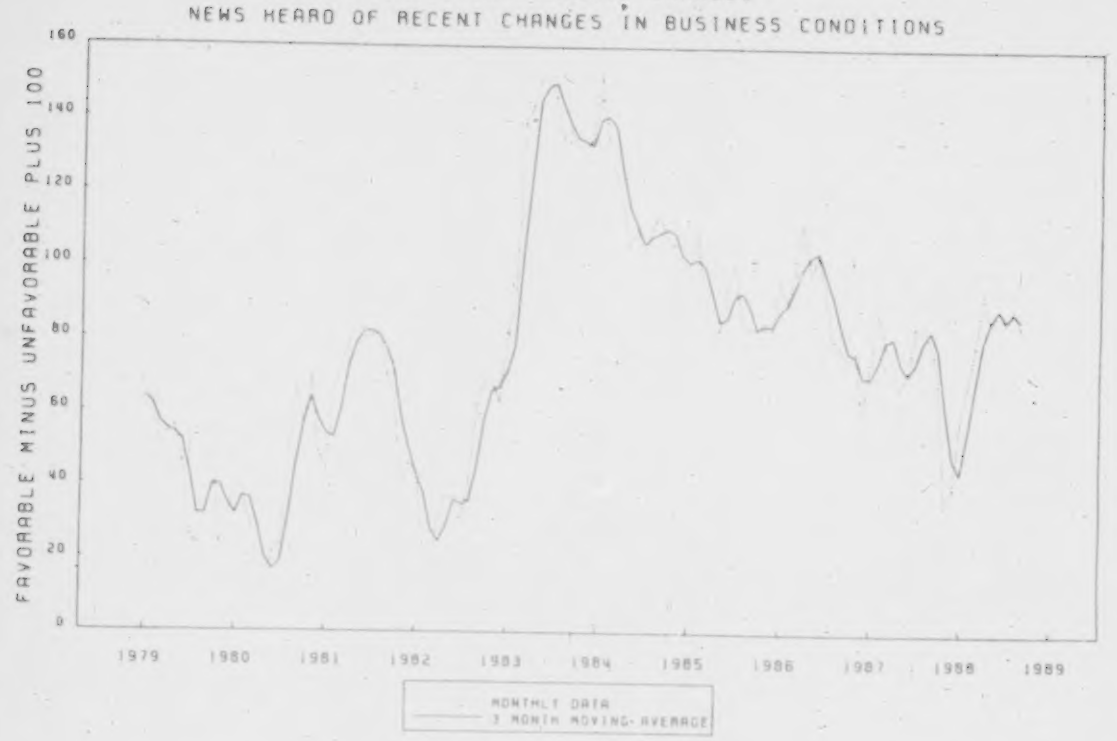



CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

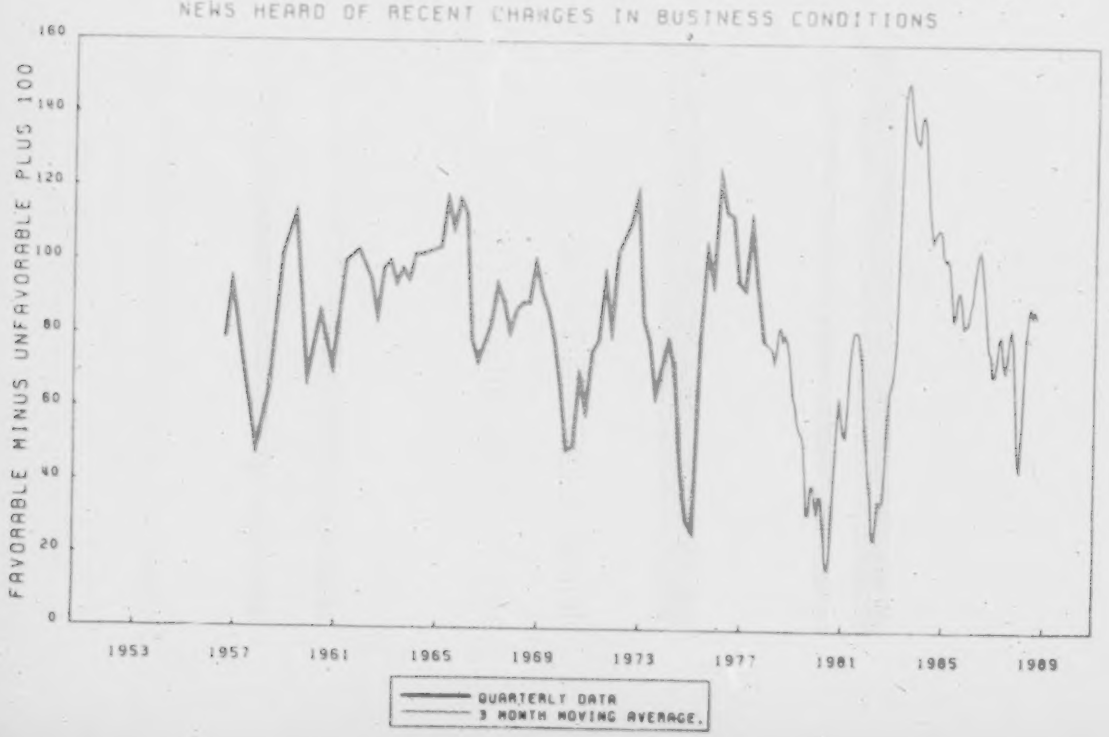


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FAVORABLE NEWS | 24% | 25% | 18% | 18% | 23% | 26% | 29% | 30% | 33% | 29% | 29% | 28% | 32% |
| UNFAVORABLE NEWS | 44 | 54 | 83 | 79 | 65 | 58 | 50 | 37 | 48 | 40 | 44 | 39 | 48 |
| NO MENTIONS | 53 | 47 | 32 | 36 | 41 | 42 | 45 | 51 | 44 | 50 | 50 | 53 | 46 |

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

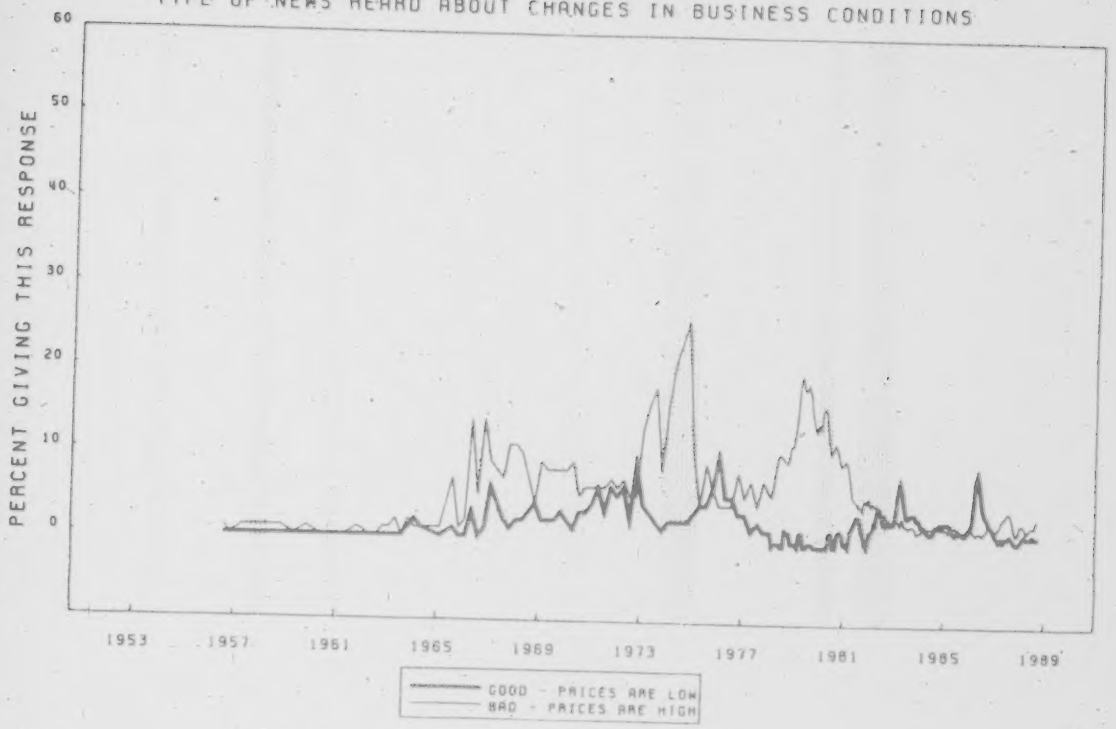



CHART 11B - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

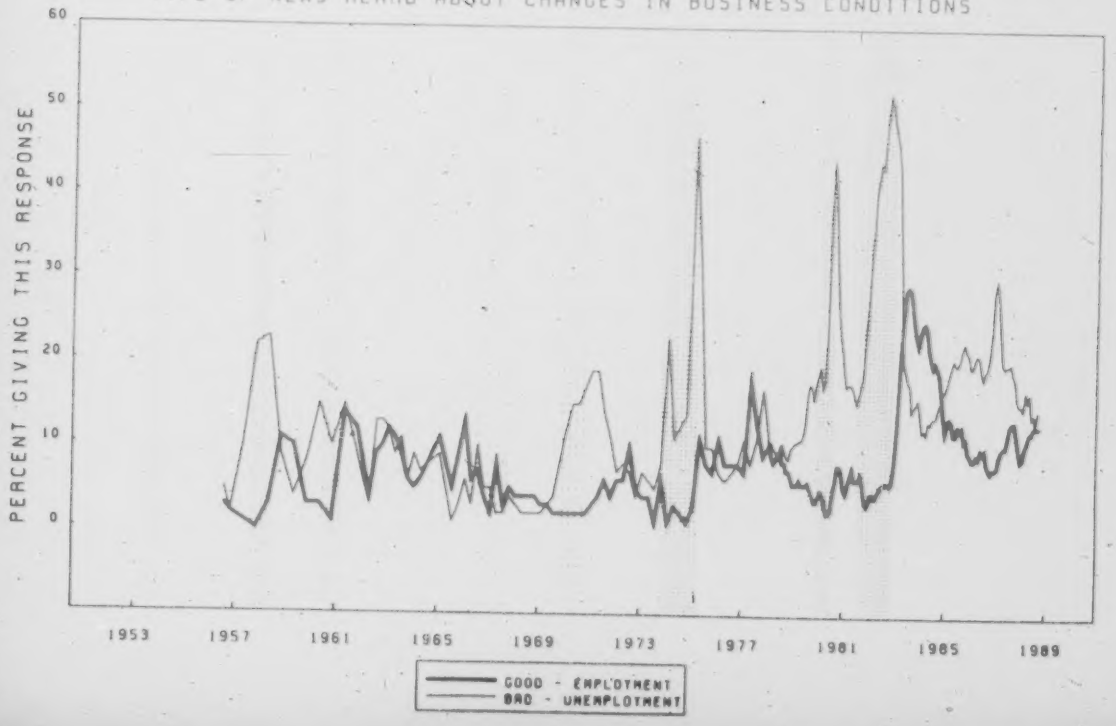


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FAVORABLE NEWS: | | | | | | | | | | | | | |
| Government; elections | 1% | * | * | 1% | 1% | 1% | 1% | 2% | 3% | 2% | 1% | 2% | 3% |
| Employment | 12 | 13 | 10 | 7 | 9 | 11 | 11 | 11 | 14 | 11 | 13 | 14 | 11 |
| Higher consumer demand | * | 1 | 1 | 1 | 2 | 1 | 2 | 1 | 3 | 1 | 3 | 2 | 2 |
| Lower prices | * | * | * | * | 1 | 1 | 1 | * | 1 | 1 | 1 | * | 1 |
| Easier credit | 1 | 1 | 1 | 2 | 1 | 4 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Stock market | 2 | 3 | 2 | 1 | * | 1 | 2 | 3 | 2 | 3 | 3 | 1 | 2 |
| Trade deficit | 1 | 1 | 1 | 1 | 3 | 2 | 3 | 2 | 1 | 2 | 1 | 1 | 3 |
| UNFAVORABLE NEWS: | | | | | | | | | | | | | |
| Government; elections | 3 | 5 | 6 | 6 | 6 | 6 | 3 | 5 | 5 | 6 | 4 | 3 | 3 |
| Unemployment | 17 | 16 | 15 | 15 | 16 | 13 | 22 | 12 | 16 | 13 | 14 | 12 | 18 |
| Lower consumer demand | 1 | 3 | 5 | 4 | 4 | 3 | 1 | 3 | 3 | 2 | 2 | 3 | 3 |
| Higher prices | 1 | 1 | 1 | 2 | 4 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 5 |
| Tighter credit | 5 | 6 | 5 | 3 | 1 | 2 | 1 | 1 | 4 | 3 | 3 | 7 | 6 |
| Stock market | 2 | 11 | 38 | 32 | 21 | 18 | 10 | 7 | 7 | 6 | 5 | 3 | 2 |
| Trade deficit | 3 | 4 | 4 | 7 | 6 | 4 | 3 | 3 | 4 | 3 | 1 | 2 | 1 |

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

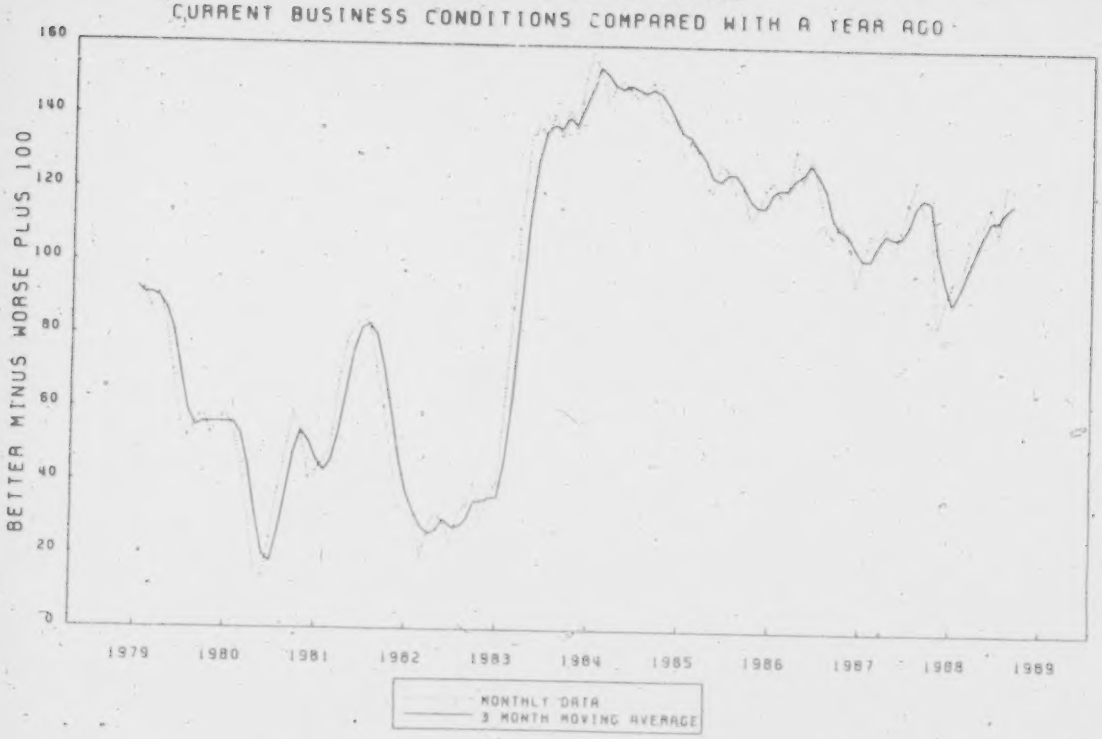



CHART 12 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

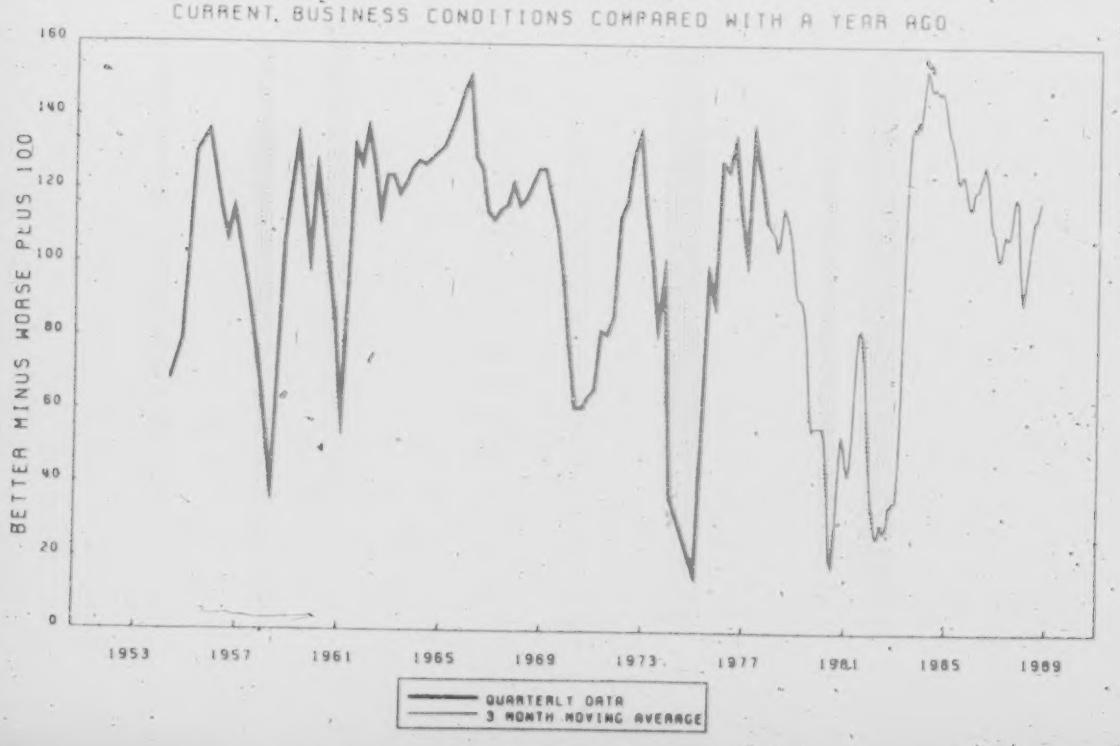


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER NOW | 49% | 49% | 33% | 36% | 40% | 41% | 40% | 47% | 47% | 47% | 45% | 51% | 50% |
| SAME | 14 | 14 | 16 | 15 | 14 | 13 | 21 | 14 | 17 | 21 | 15 | 18 | 20 |
| WORSE NOW | 34 | 35 | 50 | 46 | 44 | 44 | 36 | 36 | 35 | 30 | 36 | 28 | 28 |
| DK,NA | 3 | 2 | 1 | 3 | 2 | 2 | 3 | 3 | 1 | 2 | 4 | 3 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

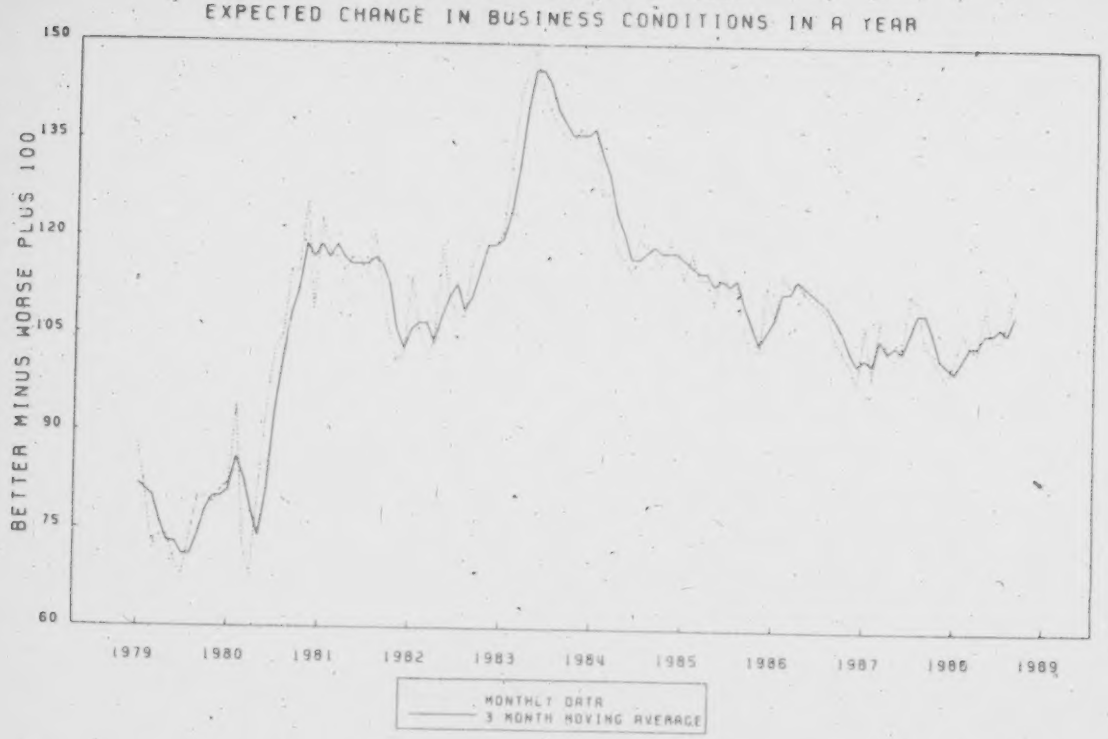



CHART 13 - HISTORICAL SERIES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

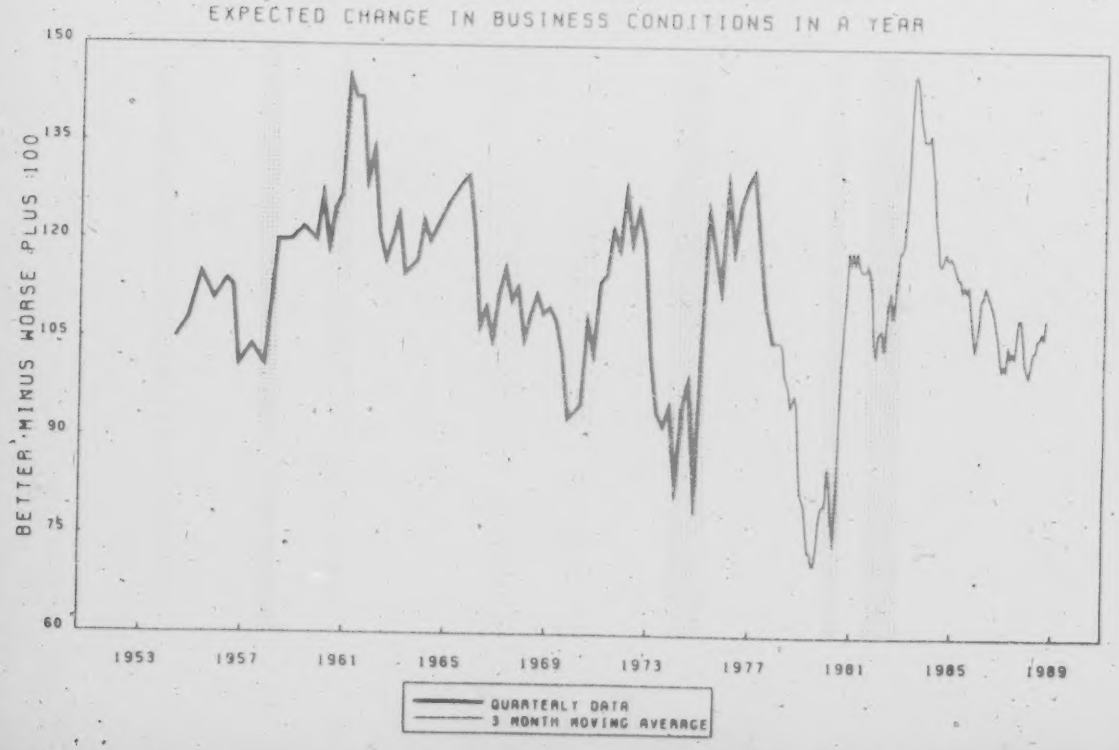


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BETTER | 21% | 22% | 23% | 22% | 21% | 23% | 21% | 21% | 26% | 24% | 23% | 24% | 27% |
| SAME | 58 | 57 | 52 | 53 | 58 | 58 | 58 | 57 | 53 | 54 | 53 | 54 | 55 |
| WORSE | 17 | 19 | 23 | 23 | 19 | 17 | 17 | 18 | 16 | 19 | 18 | 16 | 14 |
| DK,NA | 4 | 2 | 2 | 2 | 2 | 2 | 4 | 4 | 5 | 3 | 6 | 6 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

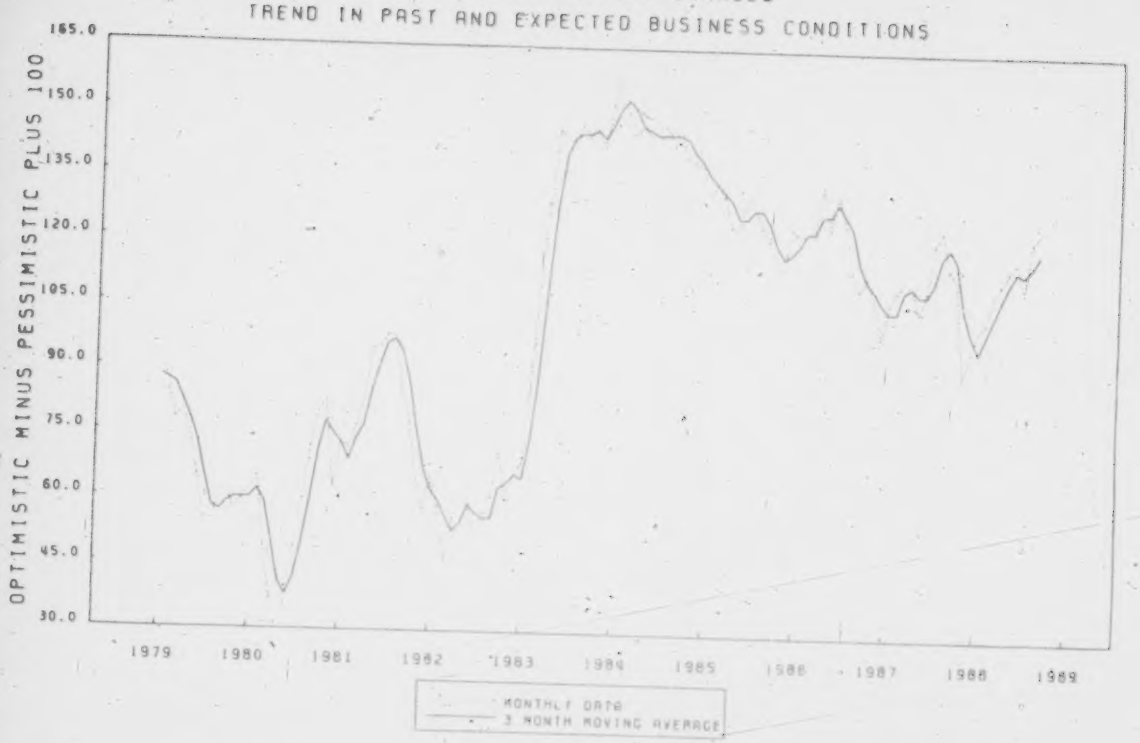



CHART 14 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

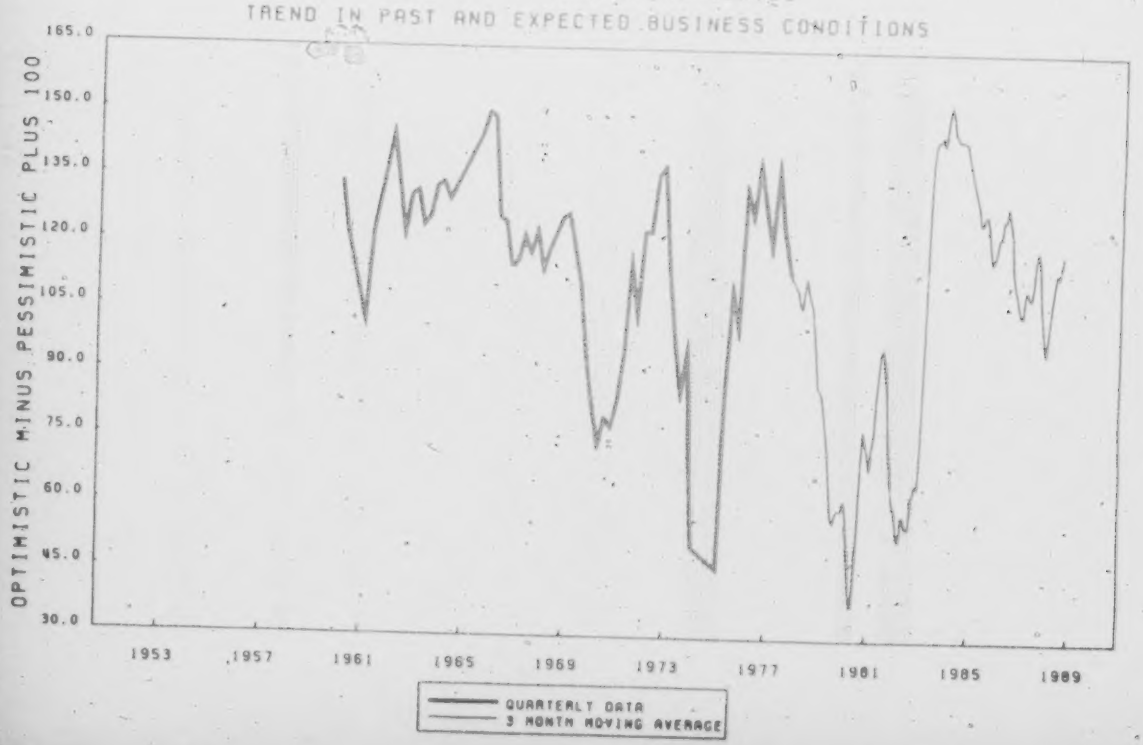


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TREND: | | | | | | | | | | | | | |
| Continuous increase (a) | 14% | 16% | 10% | 10% | 11% | 12% | 10% | 14% | 16% | 15% | 12% | 18% | 18% |
| Intermittant increase (b) | 32 | 29 | 22 | 24 | 29 | 27 | 30 | 30 | 29 | 30 | 28 | 29 | 31 |
| Remain unchanged (c) | 9 | 10 | 10 | 10 | 8 | 10 | 12 | 9 | 9 | 13 | 9 | 11 | 11 |
| Intermittant decline (d) | 21 | 21 | 26 | 22 | 25 | 24 | 21 | 20 | 20 | 18 | 20 | 17 | 19 |
| Continuous decline (e) | 10 | 11 | 16 | 16 | 14 | 12 | 10 | 12 | 10 | 10 | 10 | 8 | 6 |
| Mixed change (f) | 9 | 10 | 14 | 13 | 10 | 11 | 11 | 9 | 11 | 10 | 12 | 8 | 9 |
| DK,NA | 5 | 3 | 2 | 5 | 3 | 4 | 6 | 6 | 5 | 4 | 9 | 9 | 6 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

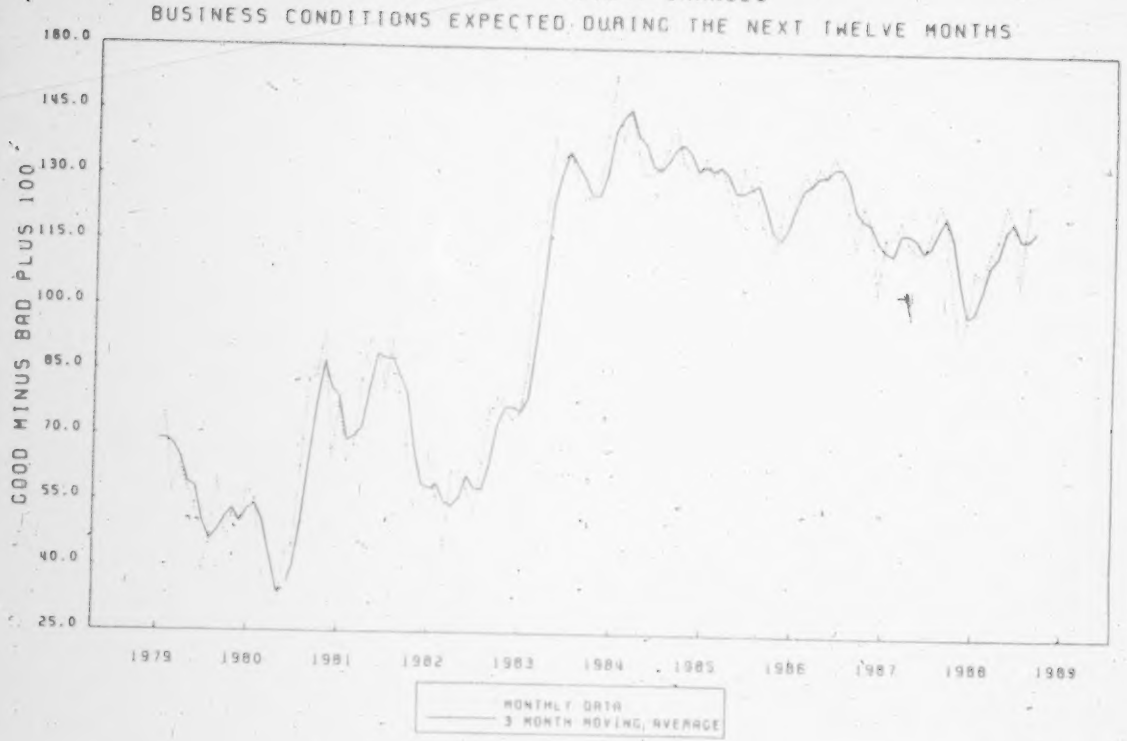



CHART 15 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

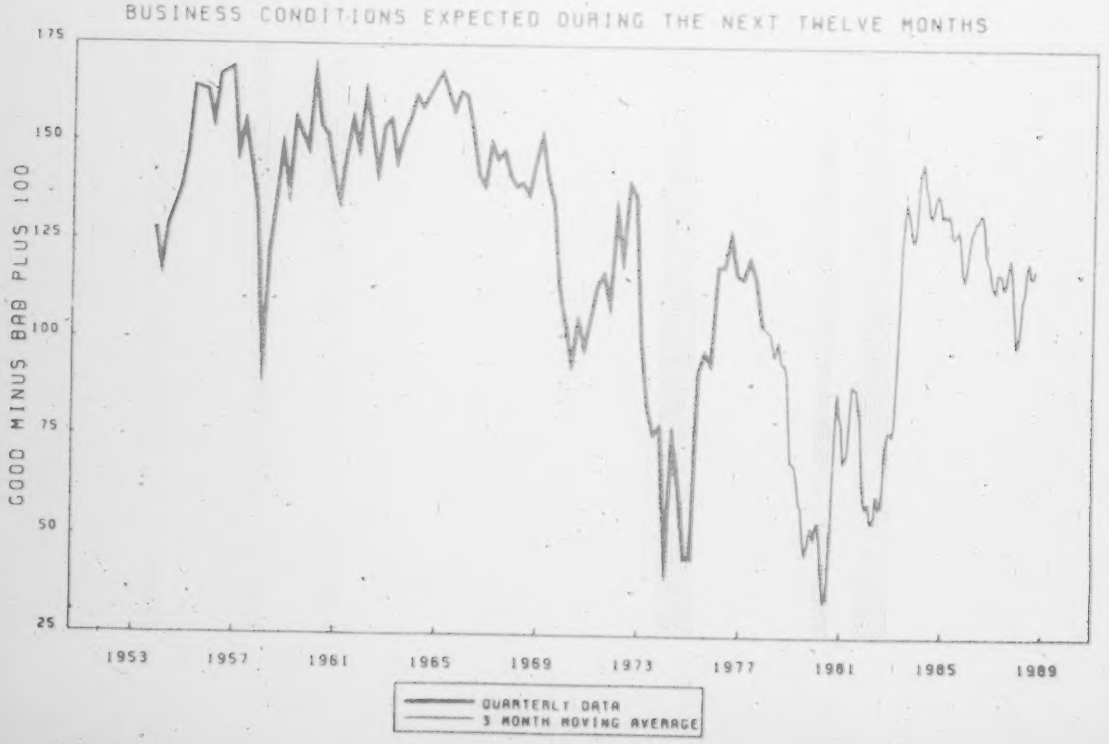


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIMES | 51% | 43% | 38% | 41% | 47% | 43% | 47% | 50% | 54% | 54% | 44% | 52% | 53% |
| UNCERTAIN; GOOD & BAD | 5 | 3 | 2 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 4 | 4 | 5 |
| BAD TIMES | 29 | 38 | 45 | 43 | 37 | 37 | 33 | 33 | 29 | 33 | 38 | 27 | 28 |
| DON'T KNOW | 7 | 7 | 8 | 6 | 7 | 7 | 7 | 9 | 8 | 6 | 9 | 11 | 9 |
| NOT ASCERTAINED | 8 | 9 | 7 | 6 | 5 | 7 | 9 | 4 | 5 | 4 | 5 | 6 | 5 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

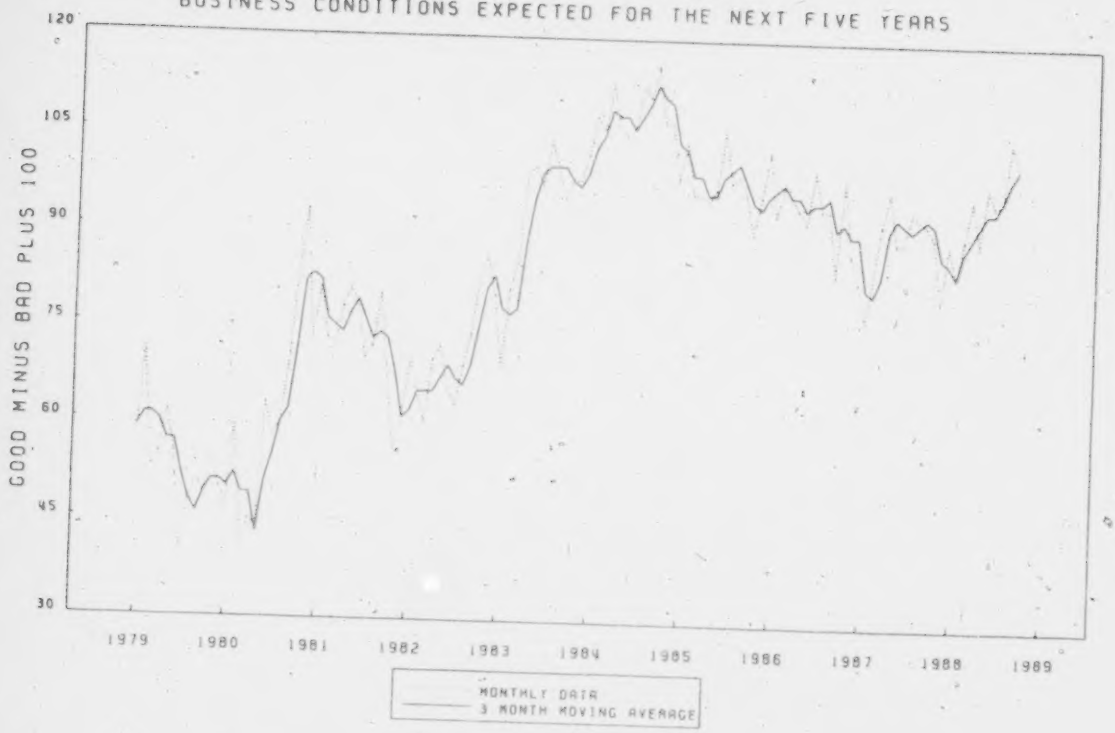



CHART 16 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

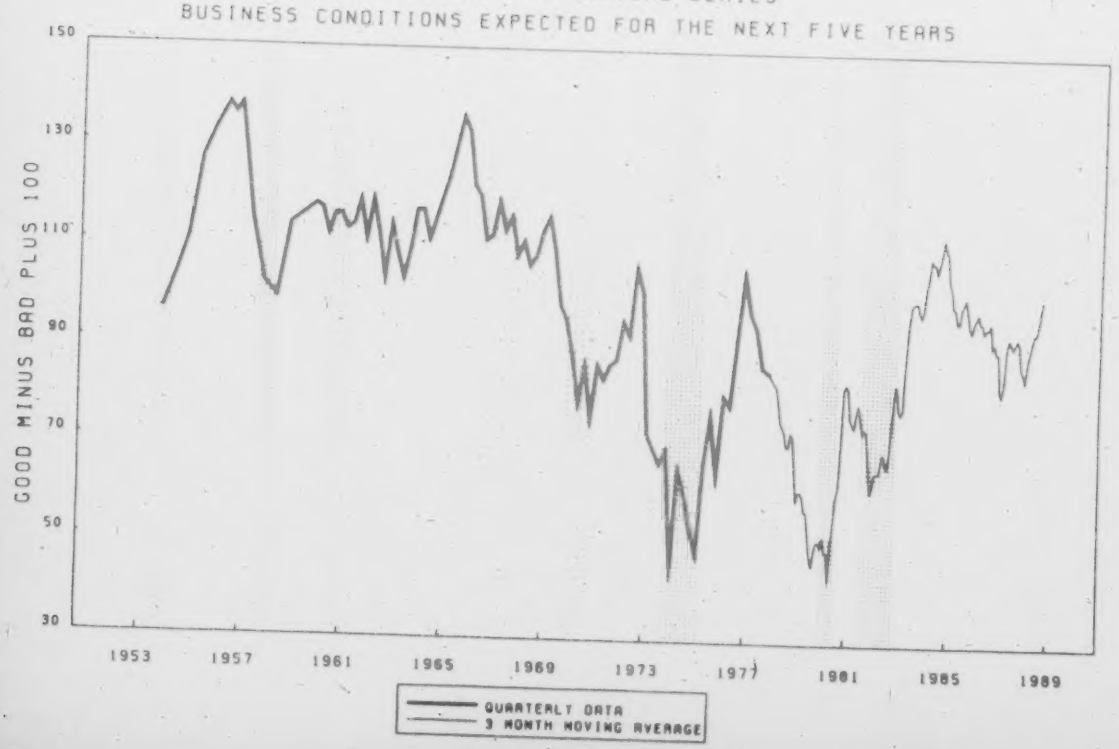


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIMES | 37% | 36% | 31% | 33% | 34% | 35% | 39% | 36% | 41% | 36% | 39% | 43% | 41% |
| UNCERTAIN; GOOD & BAD | 13 | 12 | 13 | 16 | 12 | 15 | 14 | 15 | 13 | 16 | 11 | 16 | 17 |
| BAD TIMES | 45 | 46 | 51 | 44 | 50 | 45 | 43 | 47 | 43 | 41 | 43 | 38 | 39 |
| NOT ASCERTAINED | 5 | 6 | 5 | 7 | 4 | 5 | 4 | 2 | 3 | 7 | 7 | 3 | 3 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

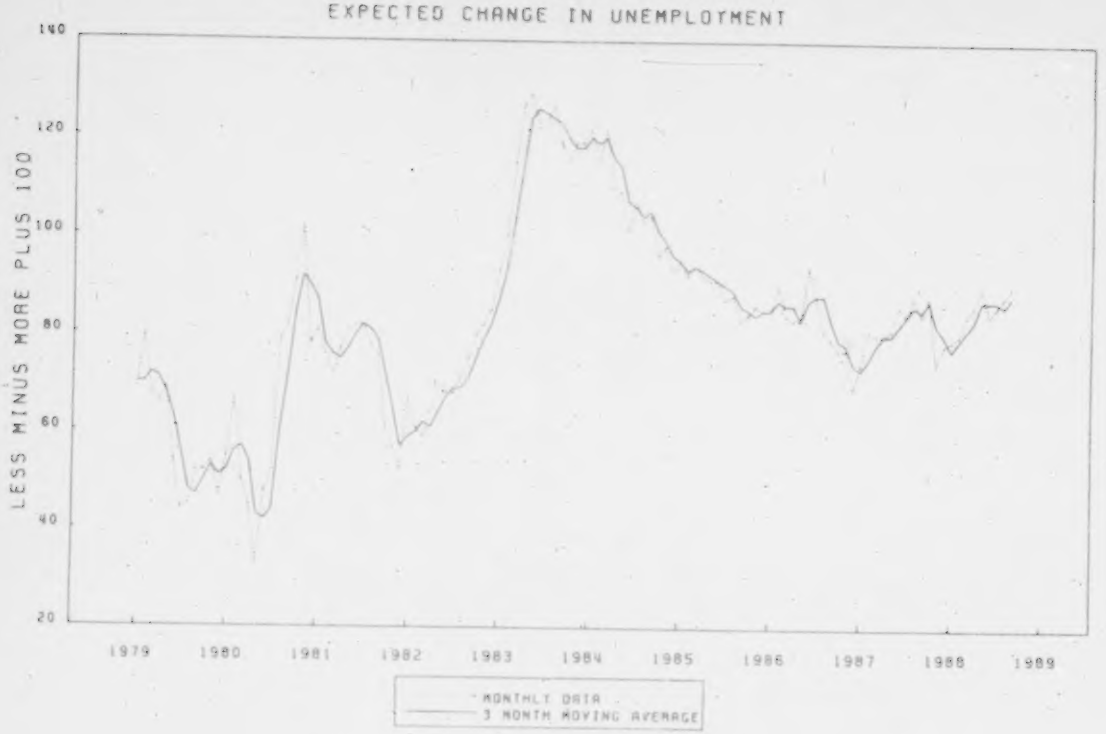



CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

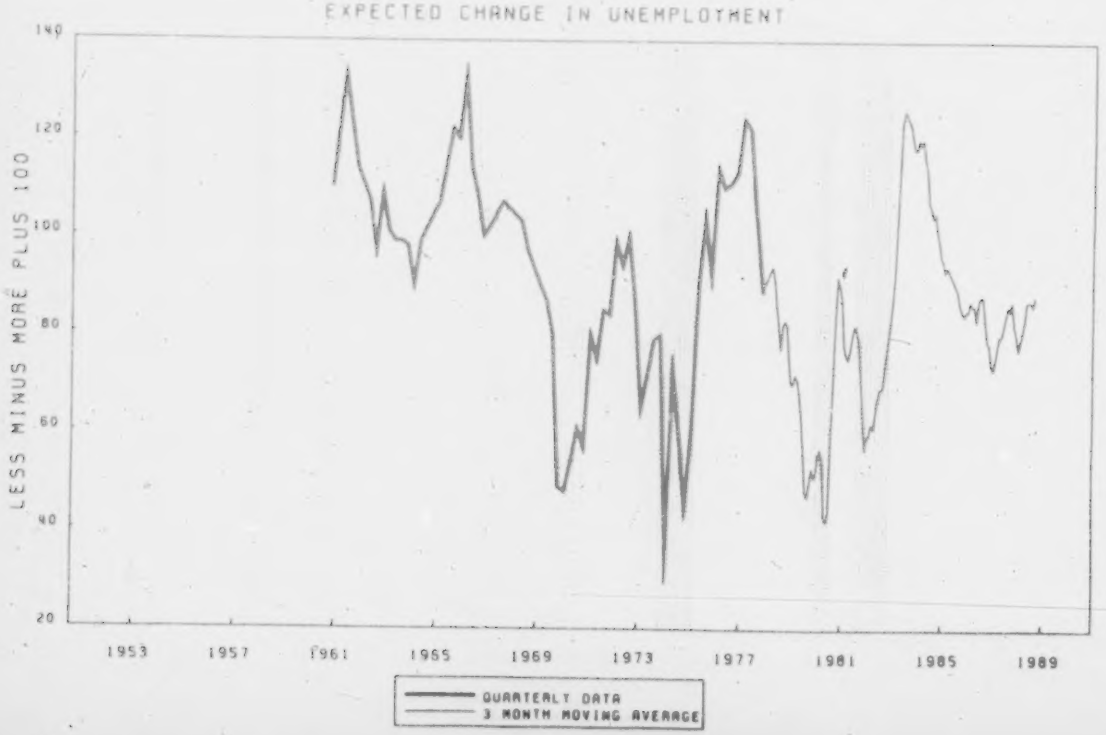


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LESS | 13% | 17% | 10% | 12% | 12% | 12% | 12% | 14% | 11% | 15% | 15% | 15% | 17% |
| SAME | 57 | 52 | 53 | 51 | 54 | 53 | 58 | 56 | 67 | 53 | 54 | 53 | 52 |
| MORE | 29 | 29 | 36 | 34 | 33 | 33 | 28 | 28 | 21 | 31 | 29 | 27 | 27 |
| DK,NA | 1 | 2 | 1 | 3 | 1 | 2 | 2 | 2 | 1 | 1 | 2 | 5 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

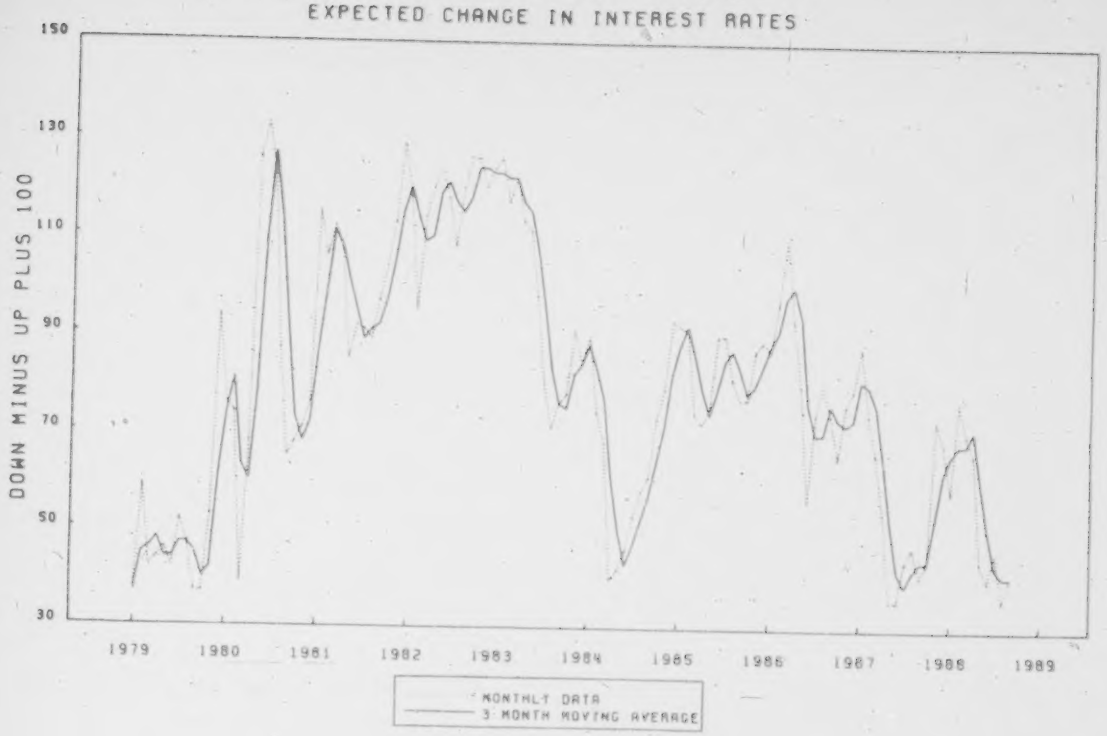



CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

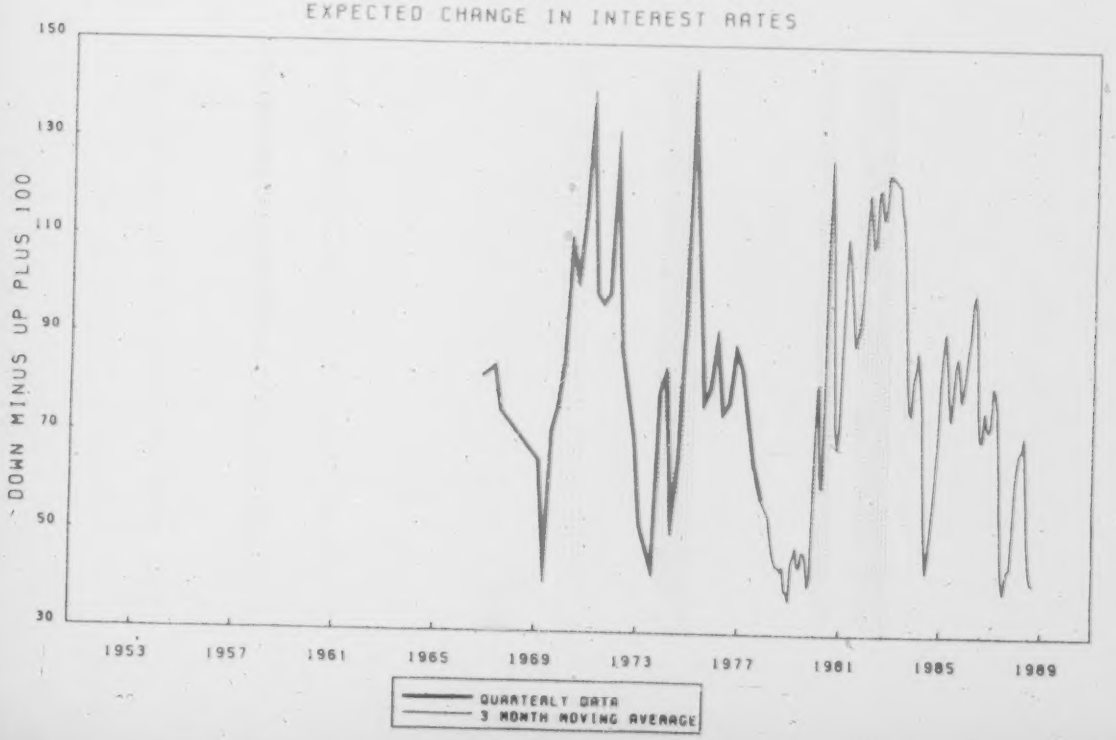


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GO UP | 66% | 67% | 49% | 52% | 54% | 44% | 49% | 48% | 64% | 67% | 65% | 71% | 67% |
| STAY THE SAME | 24 | 20 | 26 | 26 | 32 | 32 | 29 | 35 | 26 | 24 | 22 | 19 | 21 |
| GO DOWN | 7 | 11 | 22 | 20 | 12 | 21 | 19 | 14 | 8 | 7 | 11 | 7 | 8 |
| DK,NA | 3 | 2 | 3 | 2 | 2 | 3 | 3 | 3 | 2 | 2 | 2 | 3 | 4 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

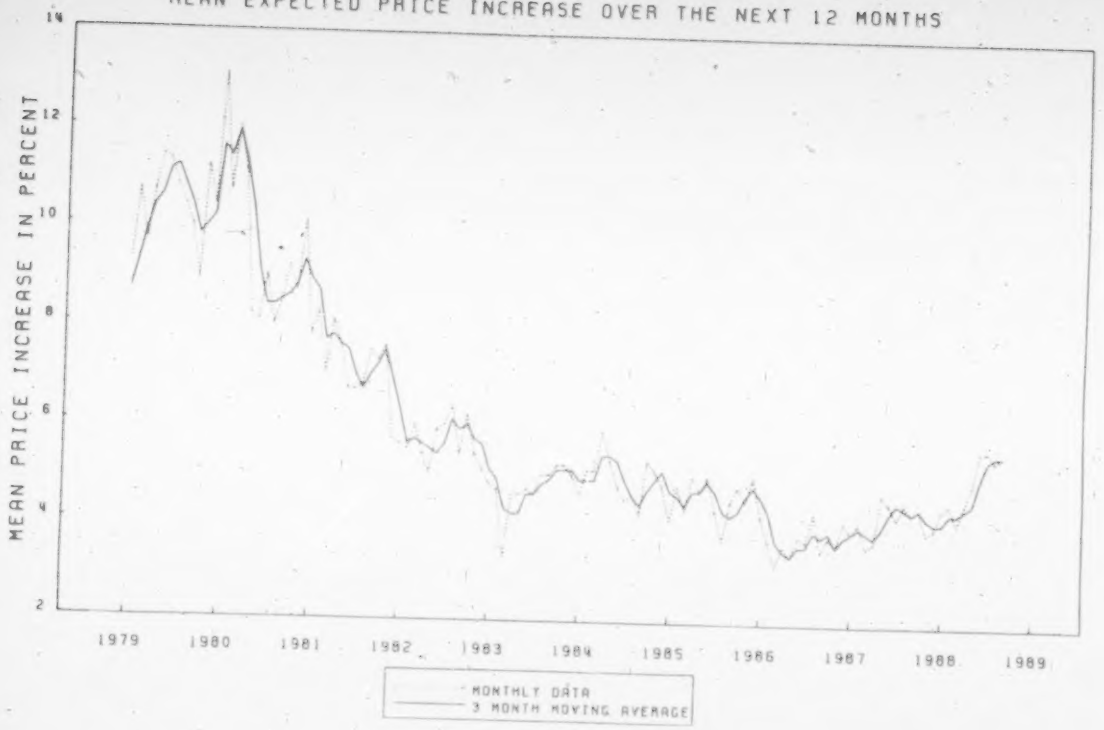



CHART 19 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

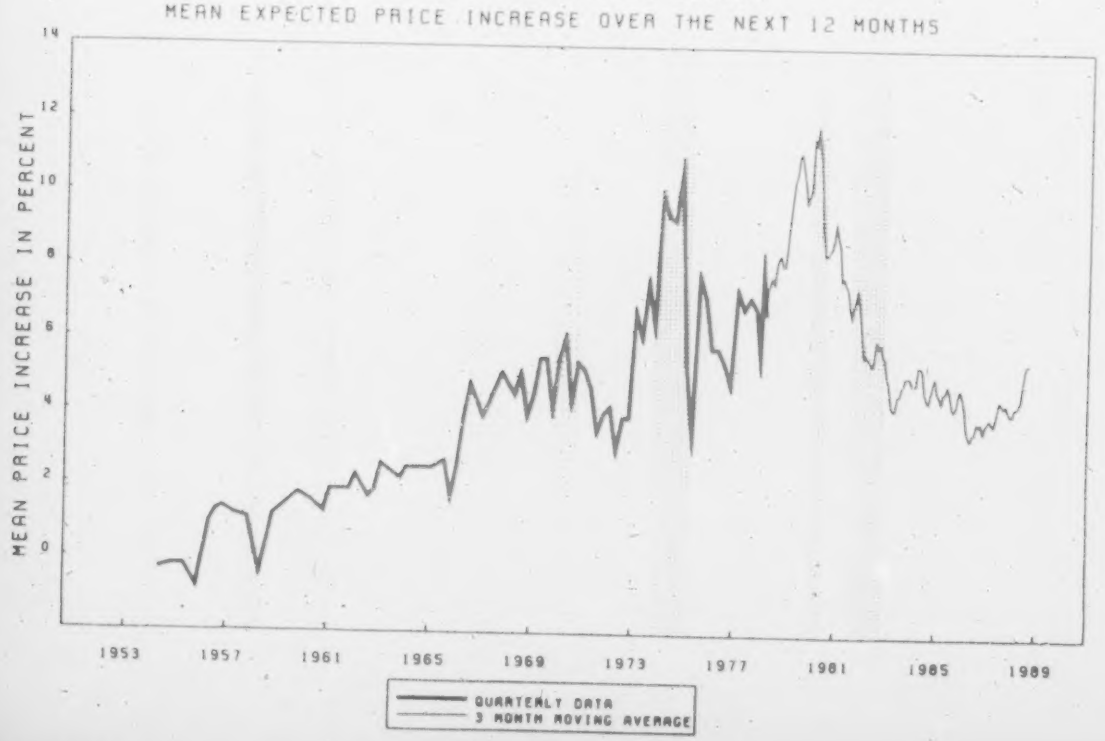


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SAME OR DOWN | 17% | 15% | 20% | 21% | 23% | 17% | 18% | 14% | 13% | 13% | 8% | 8% | 8% |
| WILL GO UP BY: | | | | | | | | | | | | | |
| 1-2% | 20 | 18 | 16 | 19 | 16 | 21 | 19 | 19 | 19 | 18 | 15 | 15 | 16 |
| 3-4% | 24 | 23 | 22 | 21 | 21 | 23 | 24 | 25 | 26 | 20 | 23 | 23 | 25 |
| 5% | 16 | 20 | 20 | 15 | 17 | 16 | 19 | 18 | 18 | 20 | 19 | 22 | 21 |
| 6-9% | 6 | 7 | 8 | 8 | 6 | 6 | 6 | 7 | 7 | 8 | 12 | 9 | 10 |
| 10-14% | 7 | 8 | 5 | 8 | 7 | 7 | 6 | 7 | 6 | 9 | 12 | 8 | 7 |
| 15% or more | 3 | 3 | 4 | 3 | 6 | 5 | 3 | 4 | 6 | 6 | 6 | 6 | 6 |
| DK how much up | 5 | 5 | 4 | 4 | 3 | 4 | 5 | 5 | 4 | 5 | 5 | 8 | 6 |
| DK,NA | 2 | 1 | 1 | 1 | 1 | 1 | * | 1 | 1 | 1 | * | 1 | 1 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| MEAN INCREASE | 4.3 | 4.4 | 3.9 | 4.0 | 4.4 | 4.5 | 4.1 | 4.5 | 4.9 | 5.6 | 5.6 | 5.4 | 5.5 |
| VARIANCE | 41 | 28 | 25 | 26 | 35 | 40 | 26 | 31 | 41 | 60 | 37 | 38 | 52 |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

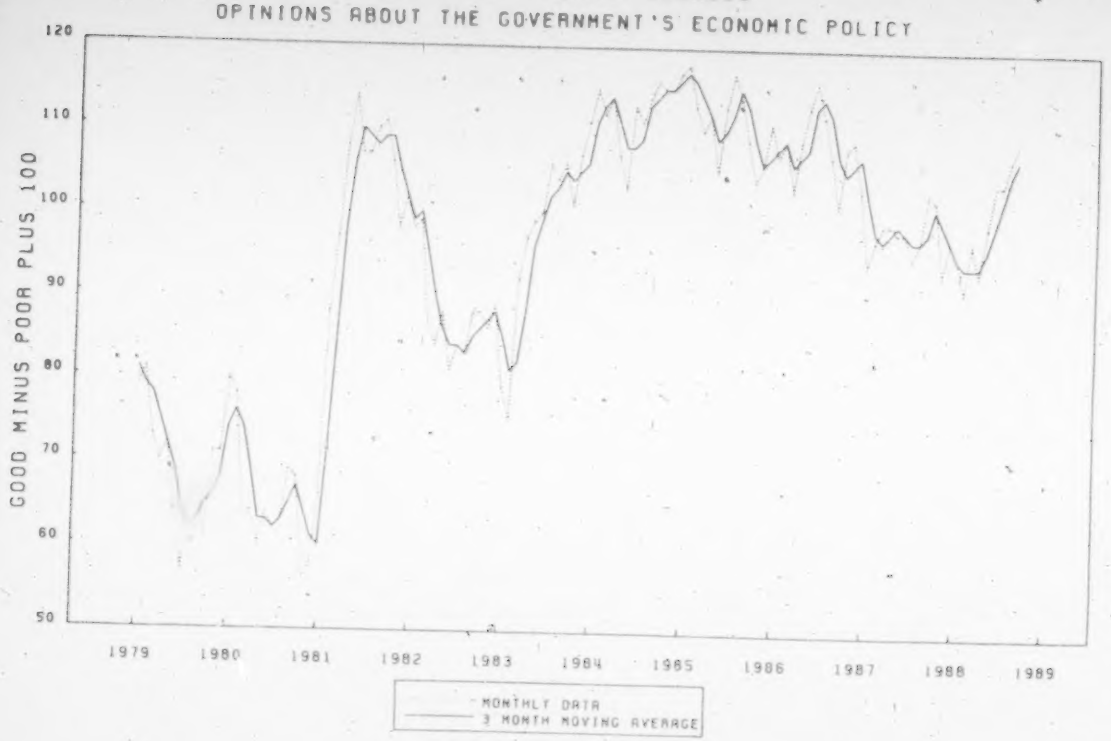



CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

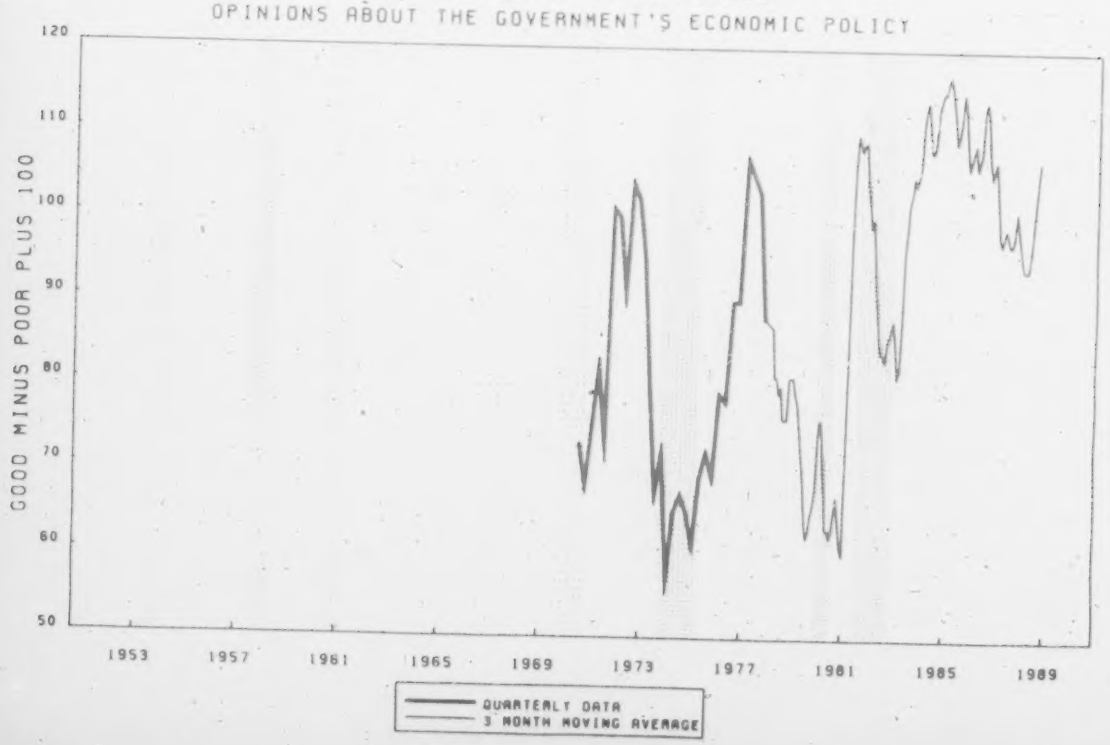


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A GOOD JOB | 23% | 25% | 18% | 19% | 17% | 18% | 23% | 18% | 21% | 23% | 25% | 28% | 29% |
| ONLY FAIR | 54 | 48 | 54 | 56 | 60 | 53 | 49 | 56 | 56 | 57 | 51 | 48 | 49 |
| A POOR JOB | 20 | 23 | 25 | 22 | 22 | 27 | 26 | 25 | 22 | 19 | 21 | 21 | 20 |
| DK,NA | 3 | 4 | 3 | 3 | 1 | 2 | 2 | 1 | 1 | 1 | 3 | 3 | 2 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

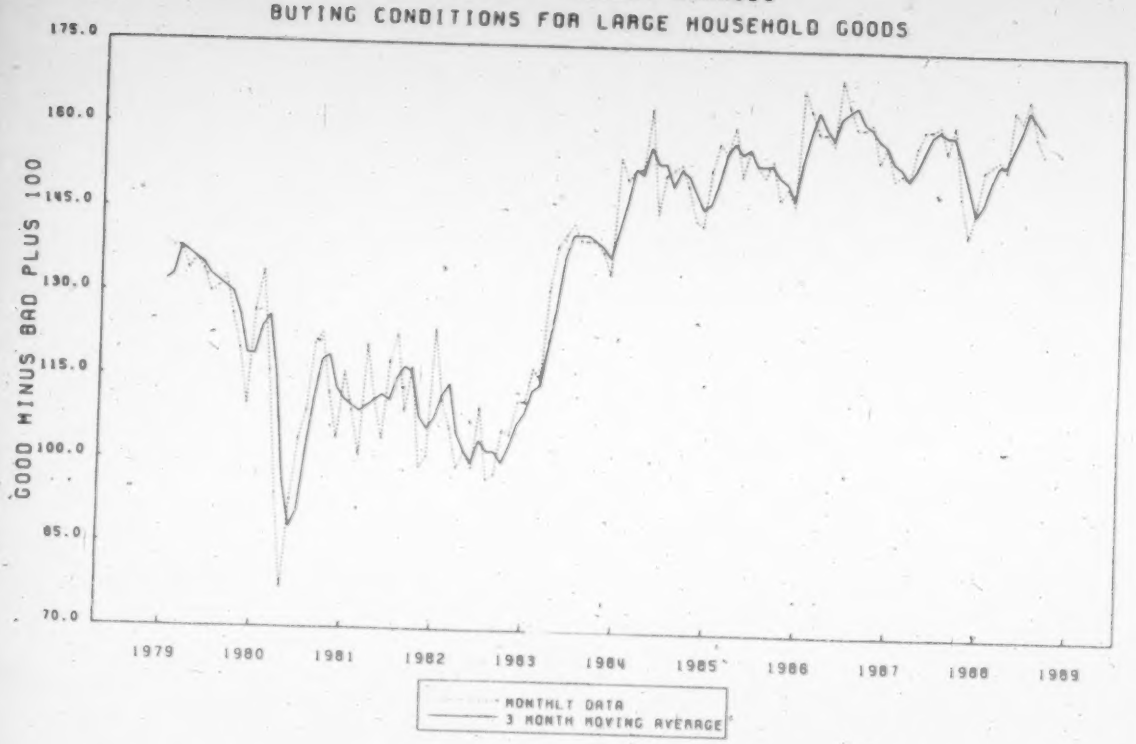



CHART 21 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

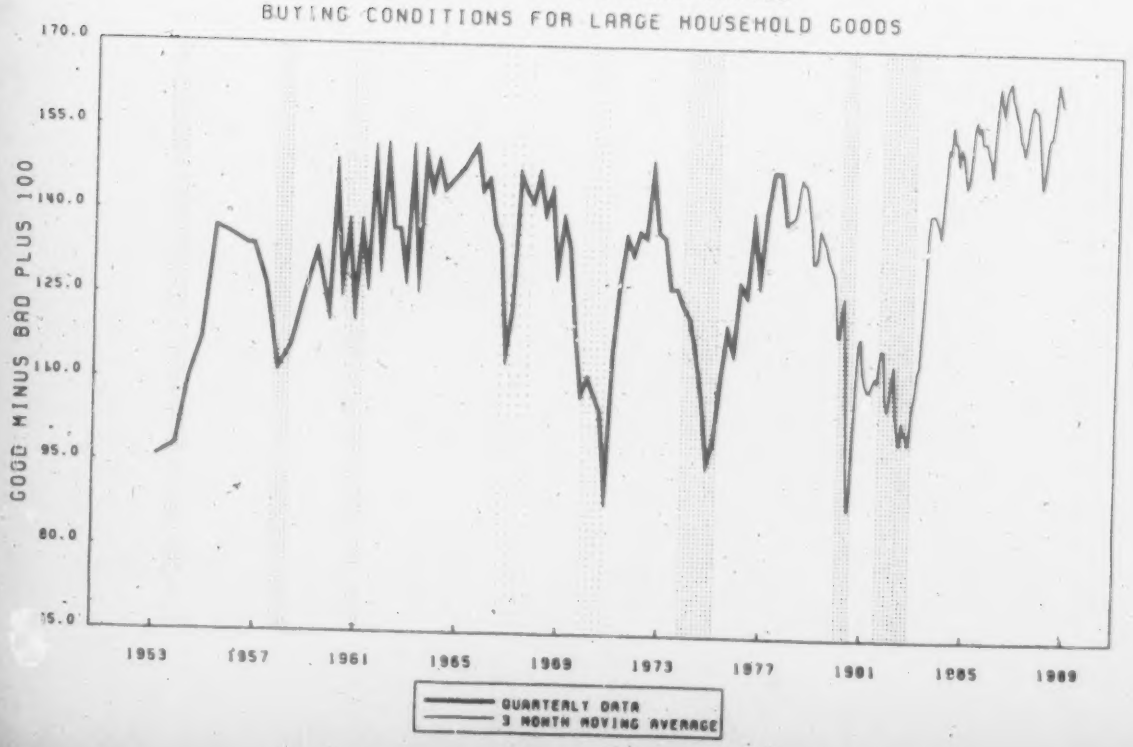


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY | 75% | 69% | 66% | 69% | 72% | 72% | 71% | 73% | 79% | 74% | 79% | 74% | 71% |
| UNCERTAIN, DEPENDS | 12 | 11 | 10 | 9 | 10 | 11 | 14 | 8 | 7 | 15 | 9 | 12 | 15 |
| BAD TIME TO BUY | 13 | 20 | 24 | 22 | 18 | 17 | 15 | 19 | 14 | 11 | 12 | 14 | 14 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

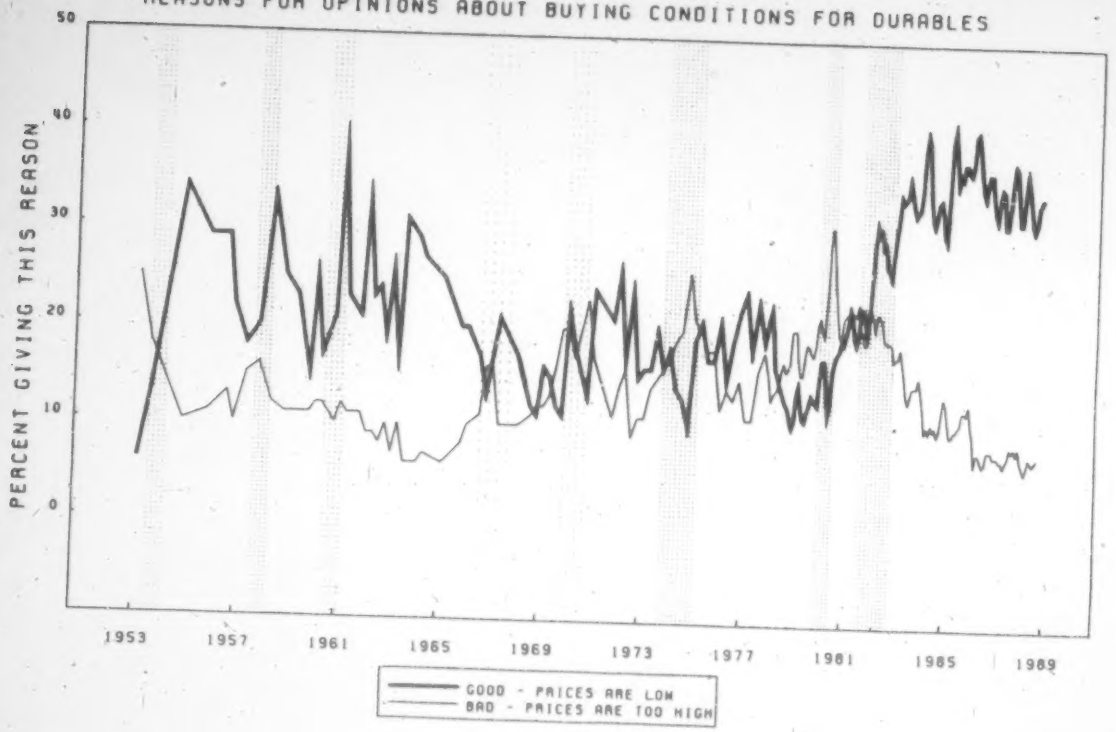



CHART 22B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

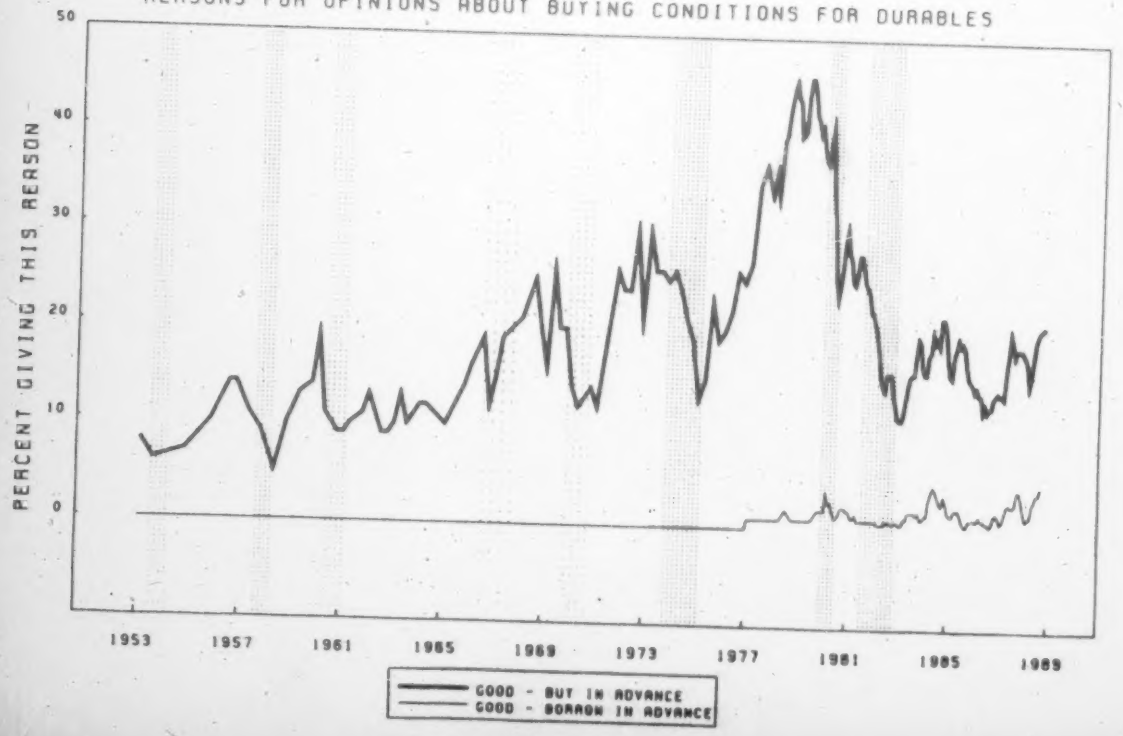


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 37% | 28% | 30% | 37% | 37% | 36% | 33% | 32% | 30% | 31% | 34% | 36% | 33% |
| Prices won't come down; are going higher | 23 | 17 | 16 | 22 | 16 | 14 | 15 | 19 | 20 | 20 | 21 | 21 | 21 |
| Interest rates low | 11 | 9 | 11 | 8 | 6 | 8 | 10 | 9 | 6 | 8 | 7 | 7 | 7 |
| Borrow-in-advance rates | 4 | 6 | 3 | 1 | 2 | 1 | 2 | 2 | 5 | 3 | 4 | 5 | 5 |
| Times are good; prosperity | 6 | 7 | 4 | 4 | 6 | 7 | 8 | 10 | 7 | 7 | 10 | 7 | 5 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 8 | 9 | 7 | 10 | 5 | 5 | 8 | 7 | 8 | 7 | 6 | 9 | 8 |
| Interest rates are high; credit is tight | 4 | 4 | 8 | 6 | 4 | 5 | 4 | 4 | 4 | 2 | 2 | 3 | 3 |
| Times are bad; can't afford to buy | 2 | 6 | 4 | 4 | 8 | 6 | 5 | 6 | 3 | 2 | 3 | 3 | 2 |
| Bad times ahead; uncertain future | 1 | 4 | 10 | 5 | 4 | 4 | 2 | 4 | 2 | 1 | 3 | 3 | 3 |

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 22C - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

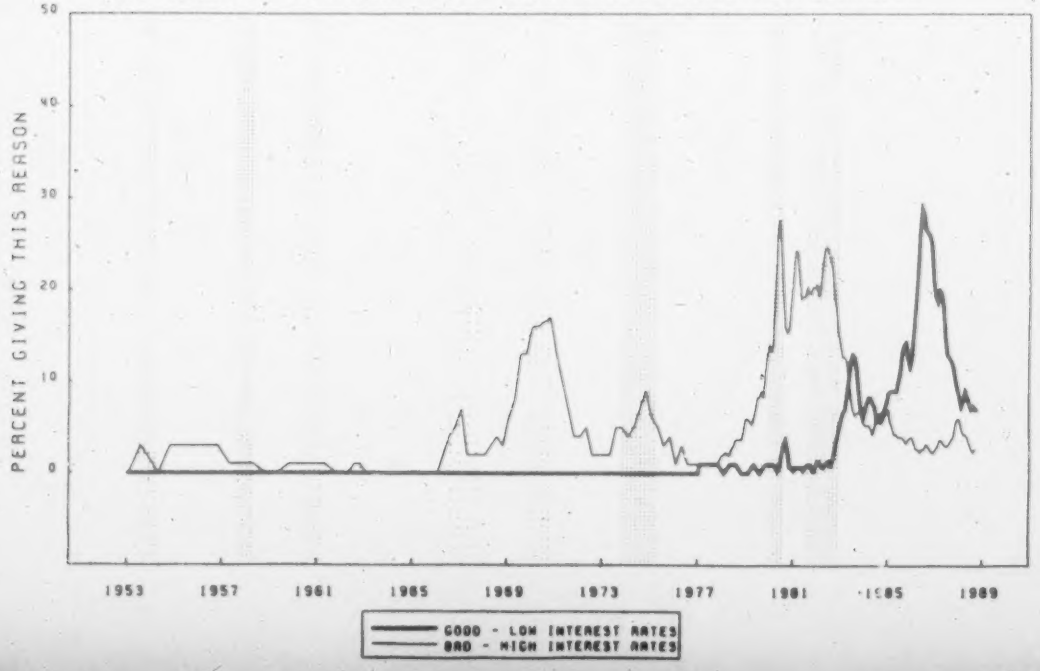


CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

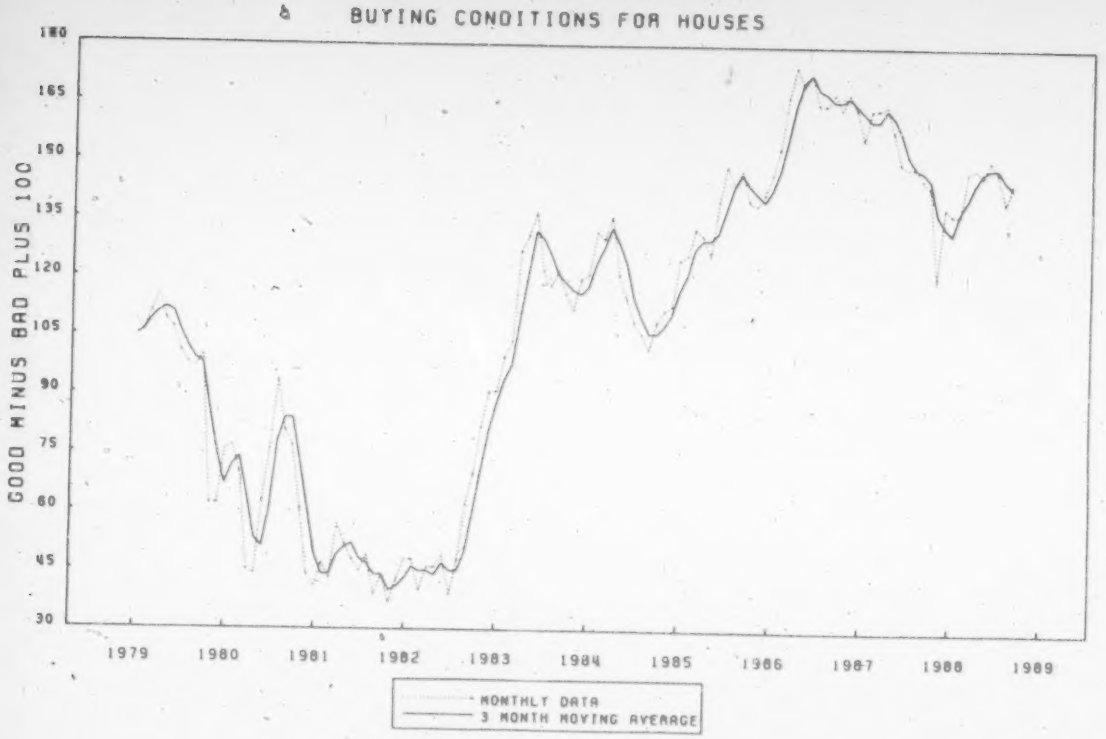



CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

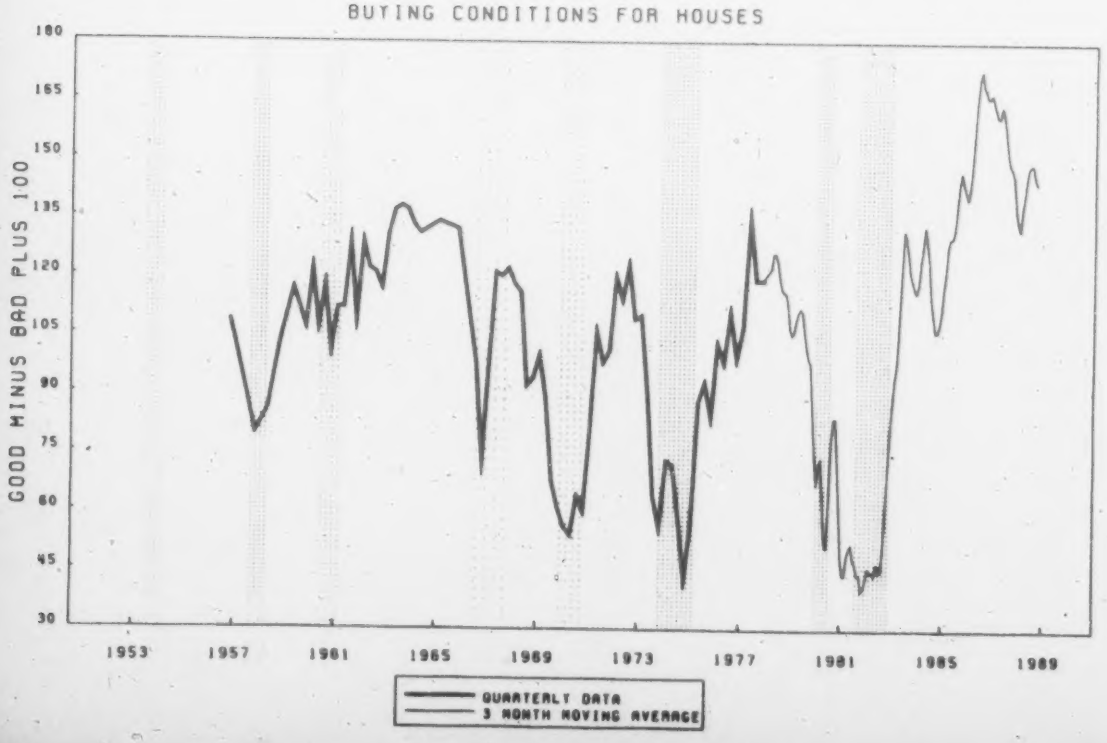


TABLE 23

BUYING CONDITIONS FOR HOUSES

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY | 71% | 70% | 58% | 68% | 67% | 67% | 71% | 72% | 72% | 73% | 72% | 67% | 70% |
| UNCERTAIN, DEPENDS | 4 | 4 | 4 | 3 | 3 | 3 | 6 | 5 | 3 | 5 | 4 | 6 | 5 |
| BAD TIME TO BUY | 25 | 26 | 38 | 29 | 30 | 30 | 23 | 23 | 25 | 22 | 24 | 27 | 25 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

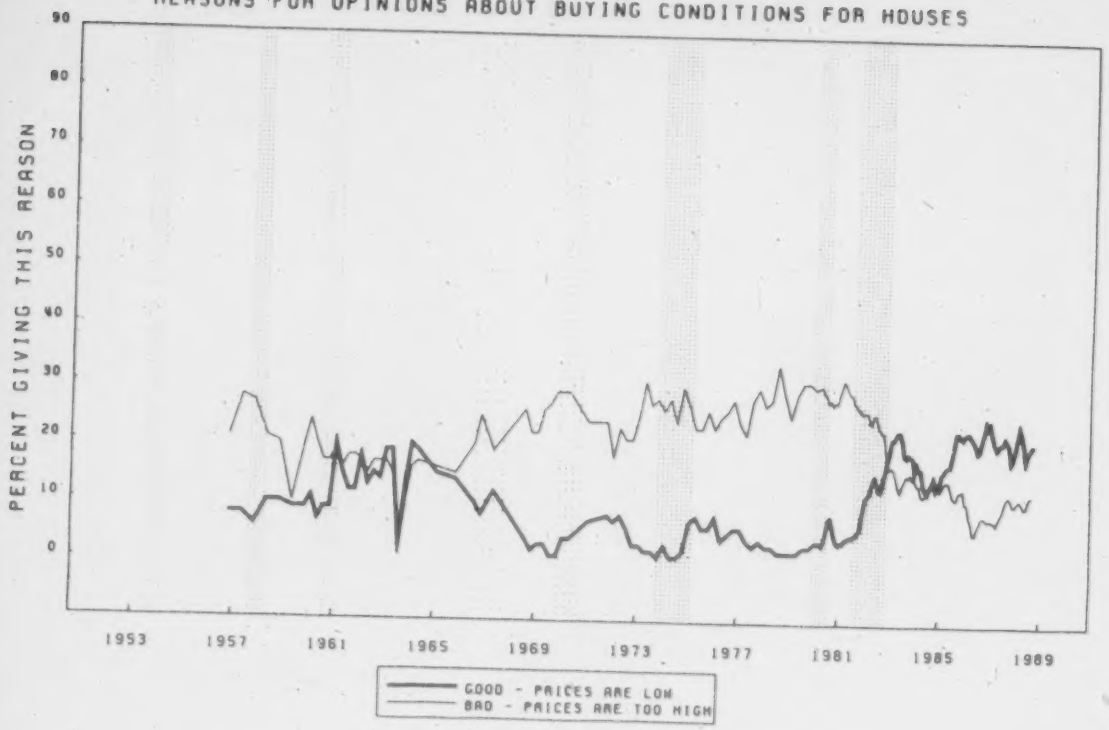
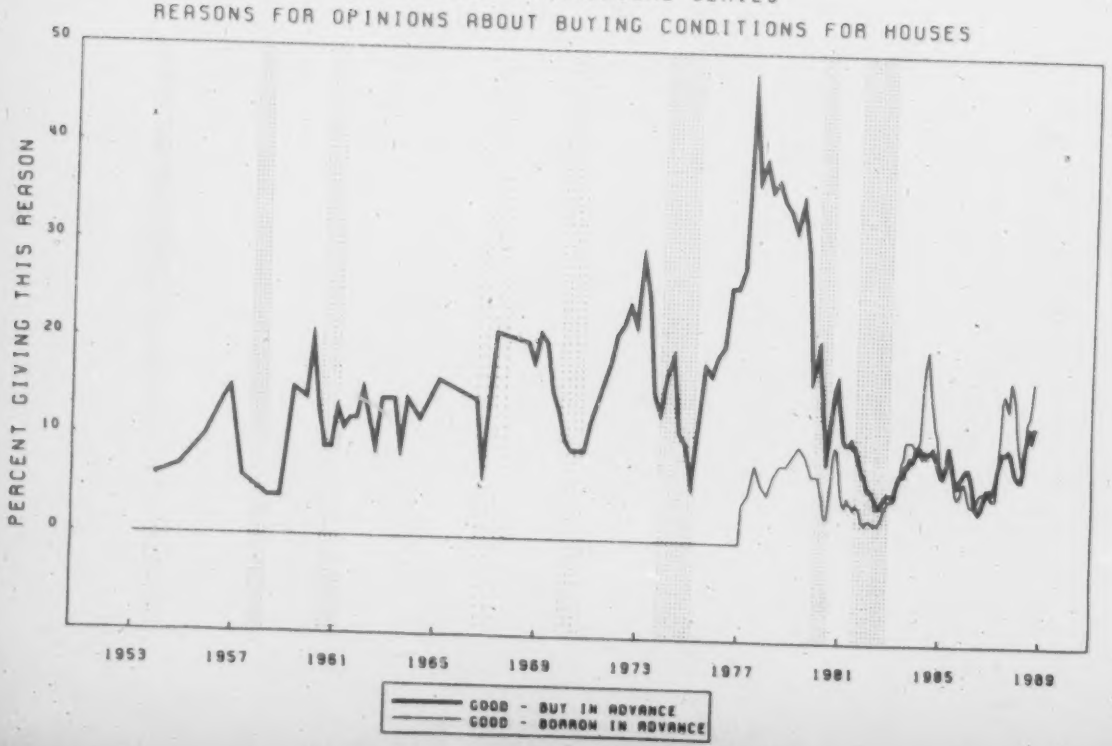



CHART 24B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES



## TABLE 24

### SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 19% | 19% | 16% | 21% | 24% | 22% | 27% | 20% | 16% | 19% | 24% | 18% | 21% |
| Prices won't come down; are going higher | 12 | 8 | 6 | 9 | 7 | 5 | 9 | 10 | 12 | 12 | 12 | 10 | 15 |
| Interest rates low | 37 | 33 | 32 | 40 | 35 | 44 | 47 | 40 | 37 | 34 | 30 | 28 | 22 |
| Borrow-in-advance rates | 16 | 22 | 11 | 12 | 13 | 6 | 7 | 10 | 14 | 15 | 11 | 19 | 21 |
| Good investment | 7 | 6 | 7 | 9 | 7 | 4 | 6 | 7 | 10 | 6 | 7 | 9 | 9 |
| Times are good; prosperity | 5 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 5 | 5 | 6 | 5 | 4 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 13 | 11 | 11 | 10 | 11 | 13 | 11 | 10 | 10 | 11 | 13 | 13 | 11 |
| Interest rates are high; credit is tight | 13 | 18 | 19 | 13 | 13 | 15 | 9 | 10 | 12 | 10 | 11 | 14 | 14 |
| Times are bad; can't afford to buy | 6 | 7 | 5 | 7 | 10 | 7 | 8 | 8 | 6 | 4 | 4 | 4 | 4 |
| Bad times ahead; uncertain future | 3 | 4 | 13 | 7 | 5 | 4 | 3 | 4 | 3 | 3 | 2 | 3 | 2 |

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 24C - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

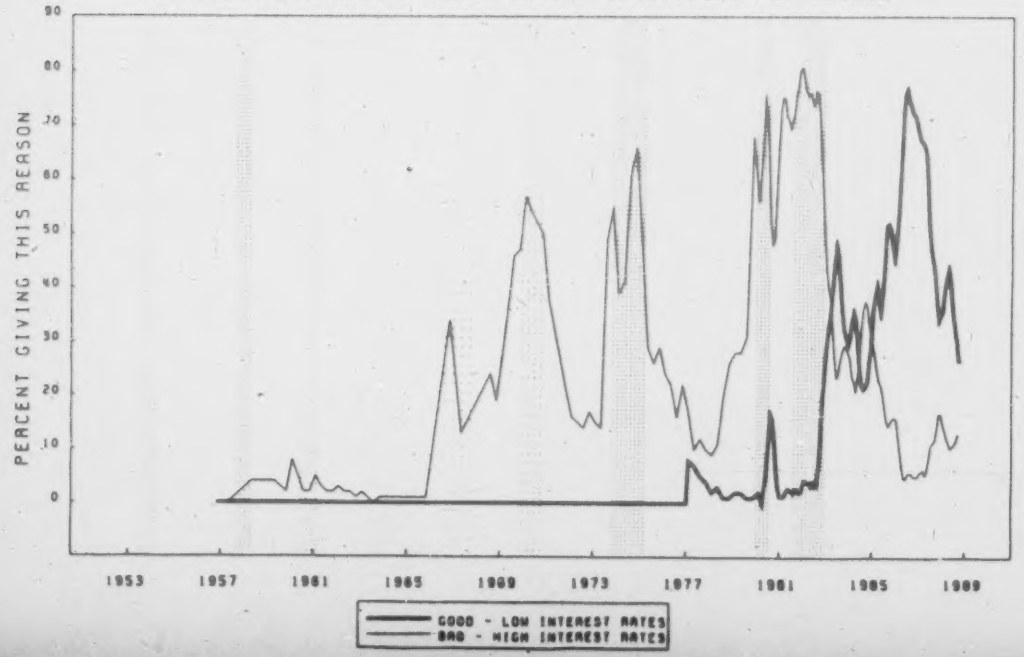


CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

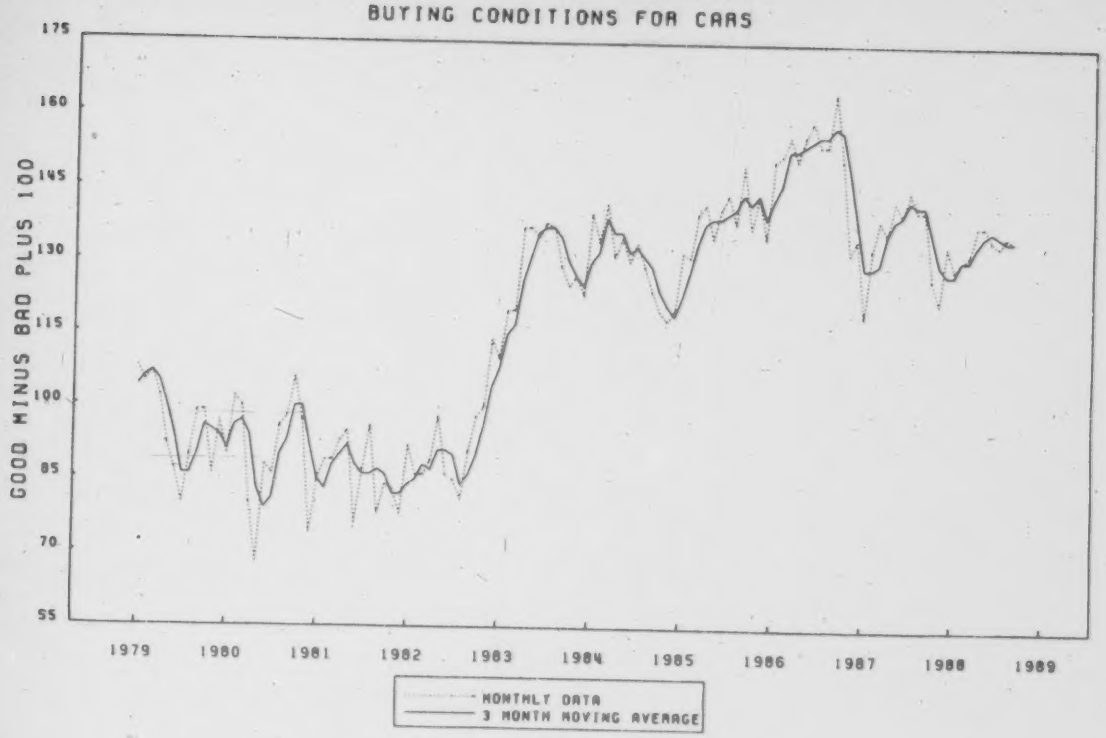



CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

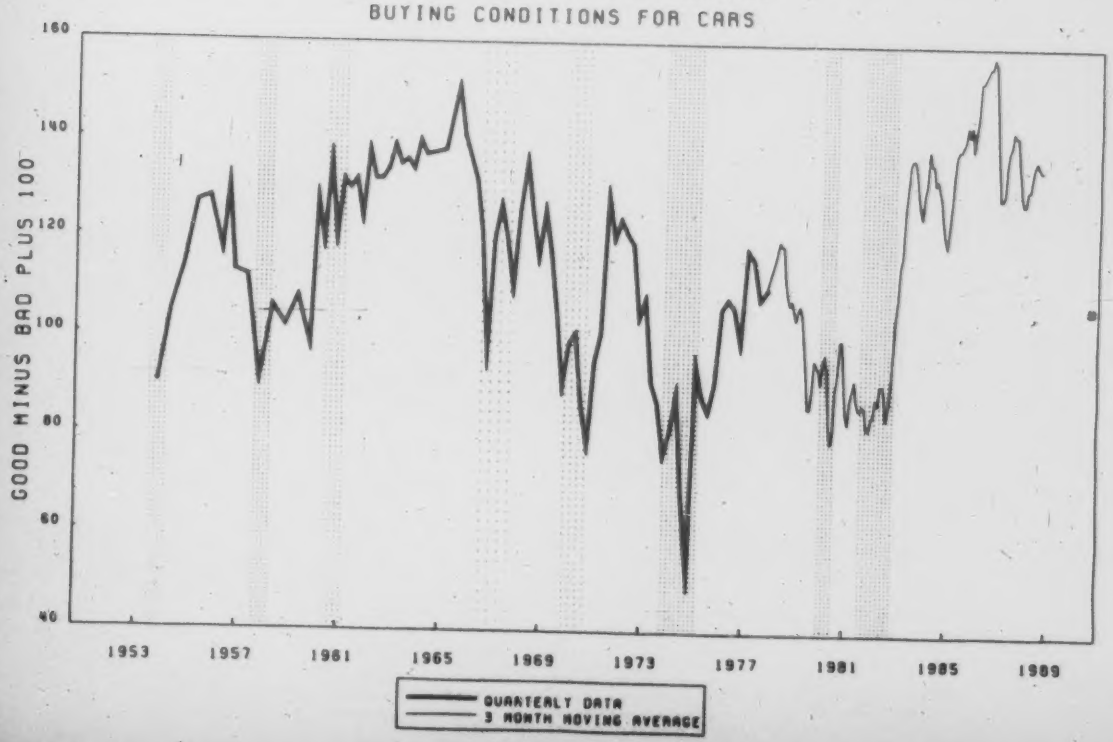


TABLE 25

BUYING CONDITIONS FOR CARS

| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY | 66% | 58% | 57% | 64% | 59% | 59% | 62% | 63% | 64% | 62% | 62% | 62% | 61% |
| UNCERTAIN; DEPENDS | 9 | 11 | 8 | 6 | 11 | 13 | 8 | 12 | 10 | 11 | 10 | 12 | 13 |
| BAD TIME TO BUY | 25 | 31 | 35 | 30 | 30 | 28 | 30 | 25 | 26 | 27 | 28 | 26 | 26 |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CASES | 650 | 500 | 501 | 500 | 502 | 500 | 500 | 504 | 500 | 500 | 501 | 500 | 500 |

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

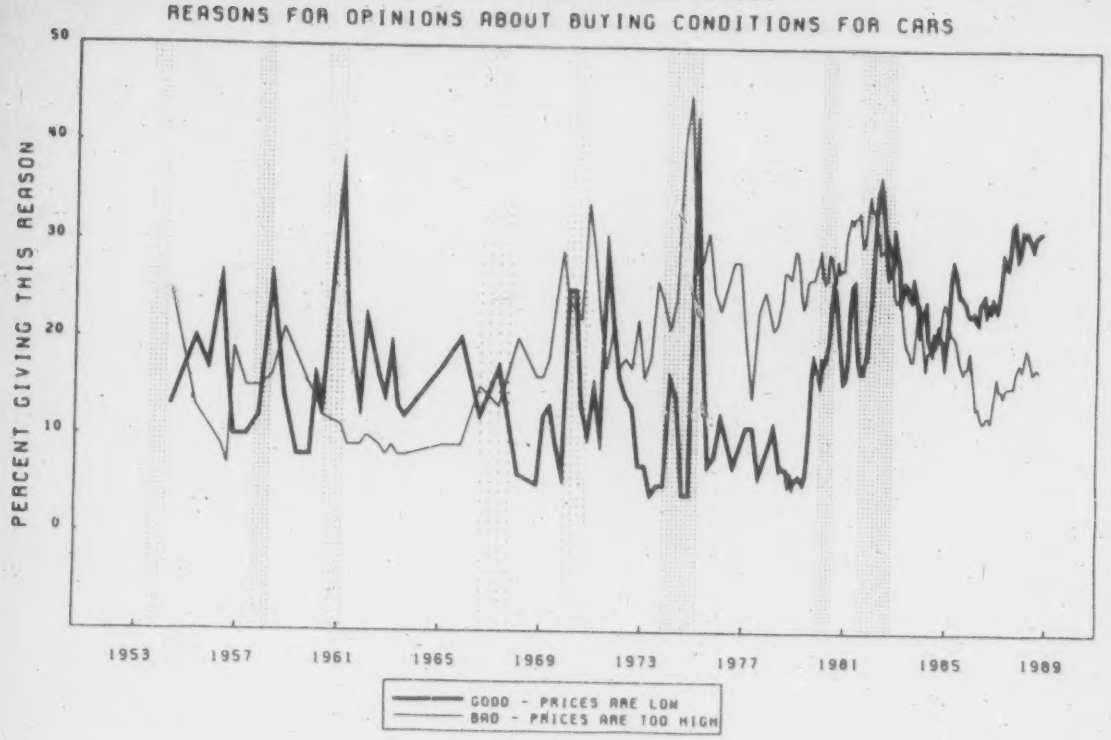



CHART 26B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

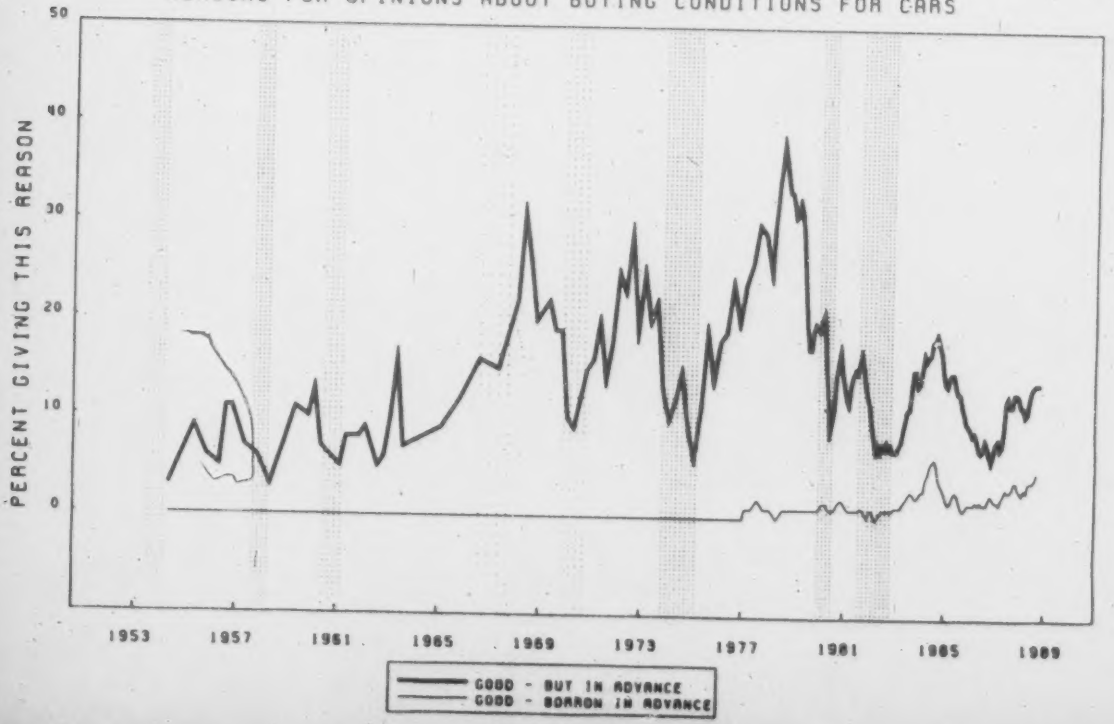


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

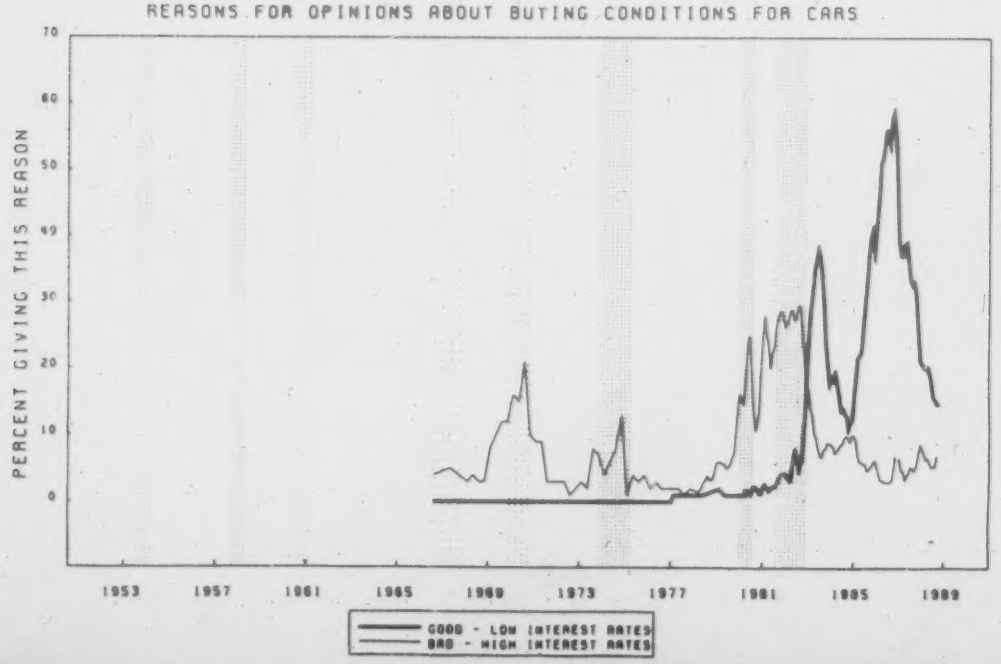
| | Sept 1987 | Oct. 1987 | Nov. 1987 | Dec. 1987 | Jan. 1988 | Feb. 1988 | Mar. 1988 | Apr. 1988 | May 1988 | June 1988 | July 1988 | Aug. 1988 | Sept 1988 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GOOD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are low; good buys available | 29% | 26% | 31% | 31% | 32% | 30% | 32% | 30% | 29% | 30% | 33% | 30% | 31% |
| Prices won't come down; are going higher | 15 | 14 | 10 | 14 | 11 | 10 | 11 | 12 | 14 | 14 | 13 | 15 | 14 |
| Interest rates low | 36 | 22 | 21 | 21 | 20 | 20 | 20 | 21 | 17 | 16 | 14 | 16 | 14 |
| Borrow-in-advance rates | 4 | 5 | 3 | 2 | 4 | 2 | 4 | 3 | 5 | 4 | 3 | 6 | 6 |
| Times are good; prosperity | 2 | 4 | 2 | 2 | 3 | 3 | 4 | 3 | 4 | 3 | 5 | 4 | 4 |
| BAD TIME TO BUY: | | | | | | | | | | | | | |
| Prices are high | 16 | 19 | 17 | 17 | 17 | 20 | 21 | 15 | 17 | 18 | 16 | 18 | 17 |
| Interest rates are high; credit is tight | 4 | 7 | 10 | 9 | 5 | 8 | 6 | 6 | 6 | 4 | 6 | 6 | 9 |
| Times are bad; can't afford to buy | 3 | 3 | 4 | 4 | 5 | 4 | 3 | 5 | 3 | 1 | 3 | 4 | 2 |
| Bad times ahead; uncertain future | 1 | 3 | 9 | 4 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Poor selection; quality | 4 | 2 | 2 | 4 | 4 | 3 | 3 | 2 | 2 | 3 | 3 | 2 | 3 |

Responses to the query: "Why do you say so?" following the question on Table 25.
+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 26C - HISTORICAL SERIES

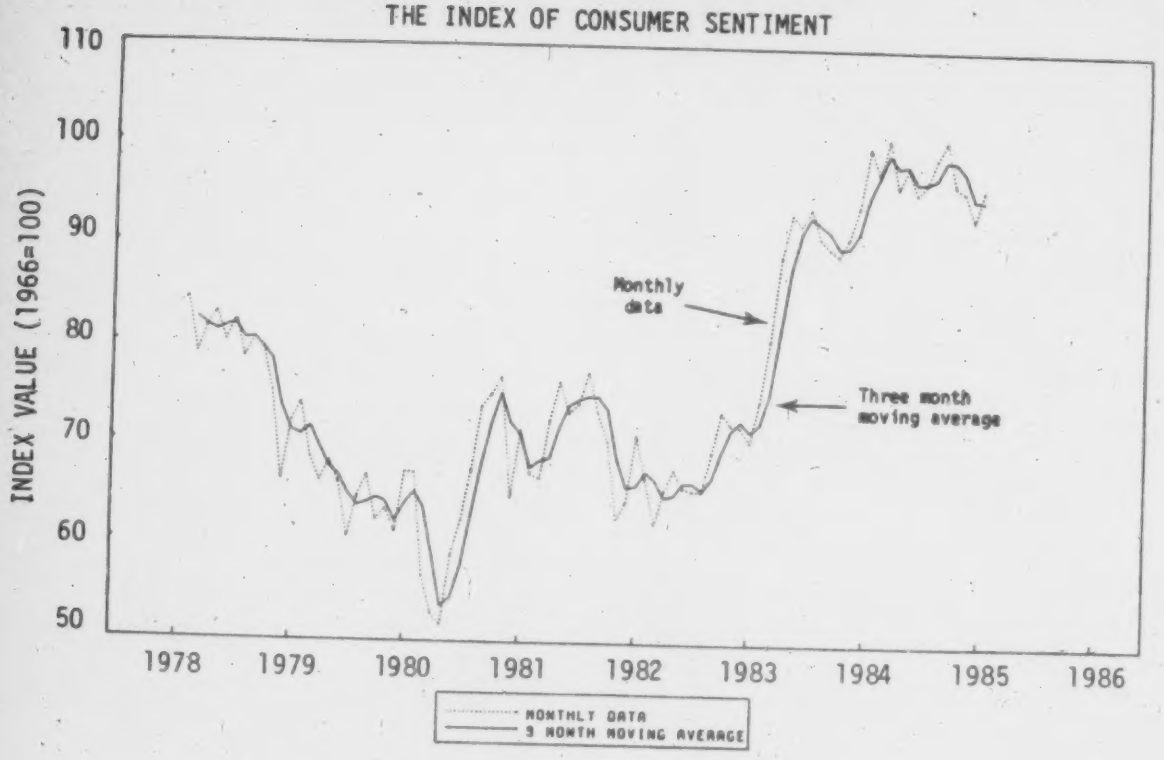
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



# EXPLANATORY CHARTS

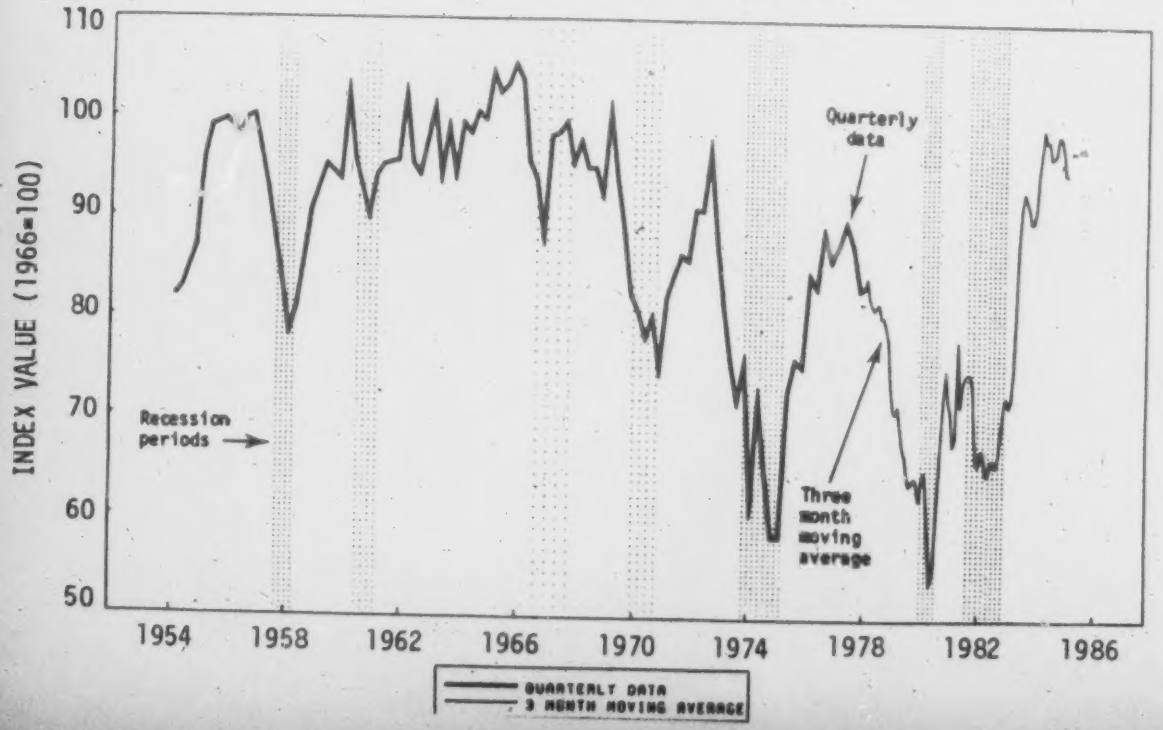
## CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT




## CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



## DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

## TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

## NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

| | | | | |
|---|---|---|---|---|
| DATES: | November | 1948 | - October | 1949 |
| | July | 1953 | - May | 1954 |
| | August | 1957 | - April | 1958 |
| | April | 1960 | - February | 1961 |
| | June | 1966 | - November | 1967* |
| | December | 1969 | - November | 1970 |
| | November | 1973 | - March | 1975 |
| | January | 1980 | - July | 1980 |
| | July | 1981 | - November | 1982 |

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

## APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS
(In percentages by size of sample or subgroup)

| Reported Percentages | Number of Interviews | | | | | |
|---|---|---|---|---|---|---|
| | 500 | 700 | 1000 | 1400 | 2000 | 3000 |
| 50 | 4.9 | 4.2 | 3.6 | 3.2 | 2.8 | 2.5 |
| 30 or 70 | 4.5 | 3.8 | 3.3 | 2.9 | 2.5 | 2.3 |
| 20 or 80 | 3.9 | 3.4 | 2.9 | 2.6 | 2.2 | 2.0 |
| 10 or 90 | 2.9 | 2.5 | 2.2 | 1.9 | 1.7 | 1.5 |
| 5 or 95 | 2.1 | 1.8 | 1.6 | 1.4 | 1.2 | 1.1 |

[a]The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.